

Citadels of Waste / Ignoring the Health Crisis

Huge Russian Hospital System Lacks Only One Thing: Patients

By Michael Specter
New York Times Service

TOMSK, Russia — Tucked carefully into a pine forest, bathed in the sparkling Siberian air and filled with enough amenities to make a country club look spartan, the Pediatric Tuberculosis Center seems to sit on the cutting edge of Russian medicine.

In a nation whose government has concluded that half of its hospitals are too dilapidated to function, the center is in the midst of a robust development program. It has a dozen buildings, a schol for patients and a staff of 134.

What the 500-bed hospital does not have, in this country where President Boris Yeltsin has called health care "our No. 1 national security crisis," are patients. Last year there were never more than 20 children here at a time. This month there are 13.

That is because the Tomsk hospital system is a citadel of waste. There are 88 hospitals in this city of 500,000. Twelve of them treat TB patients alone. There is a major clinical center with 21 departments and four surgical branches, and a university medical center duplicates almost exactly what is offered in the municipal center.

The hospitals have enormous heating costs; fleets of cars; large, poorly trained staffs, and patient services that overlap.

"If it was just one hospital burning money, then we could live with that," said Tatjana Grishina, a tuberculosis expert at the Russian Academy of Medical Sciences who has been to Tomsk to study the system. "But it is not one hospital. And it is not just tuberculosis. It is the whole story of Russian medicine."

"People talk about reform all the time in Russia. But nobody wants it. Reform is one of the dirtiest words in the country."

Health officials here, and throughout Russia, still dole out scarce money based almost solely on the number of beds in each hospital, without regard to whether they are

needed or how they are used. As a result, the Pediatric Center will receive nearly \$1 million in regional funds this year. With that money it will subject its 13 children to a needlessly expensive, arduous and treatment regimen that the World Health Organization has long considered worse than useless. The WHO has long argued that tuberculosis can be treated better and less expensively with drugs at home.

There may be no better way to understand the immense obstacles that reforms face in the Russian provinces, where they are needed most, than to look at how a place like Tomsk deals with its health-care problems.

Compared with other cities in Russia, it is neither backward nor unique. One of Siberia's oldest cities, filled with stately wooden houses that have withstood a century of snow, Tomsk used to live on an allowance dispensed from Moscow. All that has changed.

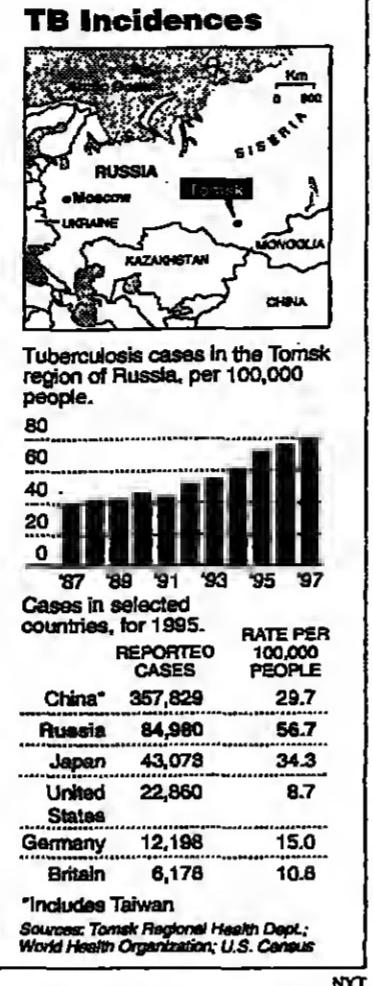
INDUSTRY has atrophied. The nearly free transportation system, essential in such a remote place, has virtually disappeared. Without it, half of the region has lost its access to decent medical treatment.

The federal money may be gone, but the network designed by the Soviet government — grand, cumbersome, repetitive and blind to the perverse and often baffling economics of medicine — lives on.

"This is more than a medical system," said Sergei Banin, Tomsk's No. 2 health official. "It is a social system. We are feeding the poor. We are providing thousands of jobs. We want an evolution here, not a revolution."

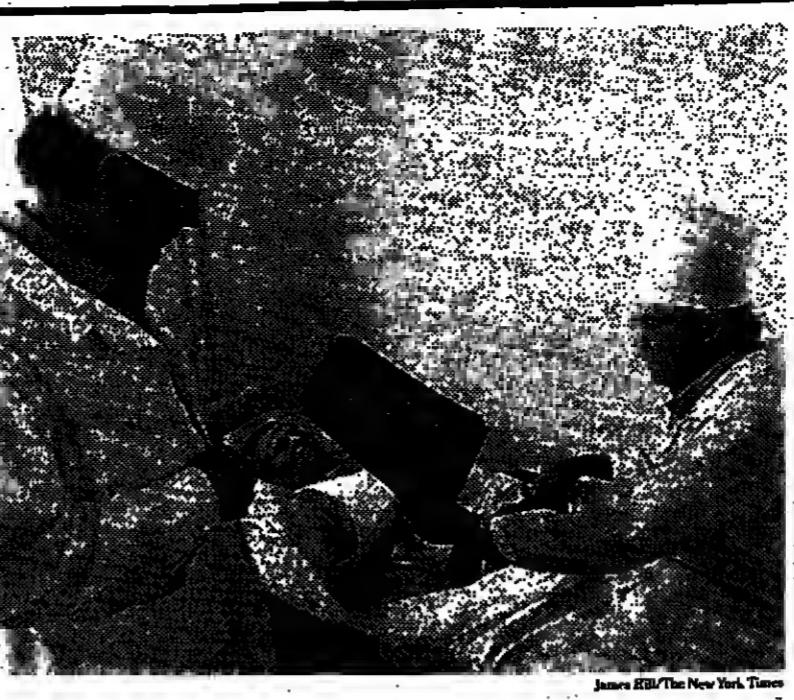
But there has been nothing gradual about the decline in the health of the Russian people.

Tomsk, like the rest of Russia, reels under a remarkable surge in infectious and parasitic diseases, and constant growth in cases of deadly heart disease, alcohol poisoning and cancer. Last year more people in Russia died from tuberculosis, which is entirely curable, than got the disease in the United States.



The government now predicts that the Russian population will shrink by at least 1 million people each year for at least a decade. Such a decrease has happened only a few times in history — and until now always in countries engulfed by war, plague or famine.

Many people say national officials simply need to spend more on their citizens' health. Money would help, of course. Last year Russia spent only



In the city of Tomsk, there are 88 hospitals for a city of 500,000. Twelve of them treat TB patients alone.

about \$75 a person on health care; the United States spent nearly \$4,000.

But increasingly, experts cite another statistic that may be more telling: Russia has 130 hospital beds for every 10,000 people. The United States has fewer than 40 beds per 10,000 people.

IGOR LINOK, the chief administrator of the Tomsk regional health-insurance fund, said: "You could not invent a more ridiculous health-care system than the one we now have."

Dr. Linok is a physician and an economist. It is his job to try to find a rational way to spread money across the Tomsk region, which has 1 million people in an area about the size of England.

"Everyone always says there is not enough money," he said. "We are poor, of course. But I don't even agree that there is not enough money. Look at the waste in this place."

Three-quarters of the \$4 million spent on tuberculosis treatment and testing here is wasted, according to Merlin, the British relief agency. Health department officials do not disagree. In 1996, a total of 532 children were discharged from various TB hos-

pitals in Tomsk after average stays of a little more than three months. Only 23 had been diagnosed with TB. The rest were there because their parents had the disease, or because they were suspected of being infected.

The New York Public Health Research Institute, with money from the financier and philanthropist George Soros, has offered to help Tomsk shift its health priorities.

The Soros plan, as it is called here, is simple. "Let's spend money on what works," Dr. Alex Goldfarb, who has been the plan's chief salesman, said in a recent interview. "And let's help people make that transition to a new way of life. But if there is no switch, there should be no funds. To get the money, people here need to get rid of those hospital beds."

That kind of talk drives many leaders in Russian medicine, already sick of being told how to do their jobs by outsiders, to open revolt.

"I thought humanitarian aid came without strings attached," said Alexei Primakov, who runs the largest national tuberculosis center in Moscow and is seen as the official voice of the conservative medical establishment. "Who are these people to tell us how to treat our citizens?"

Airline Agency In U.S. Gets '2000' Warning

By Matthew L. Wald
New York Times Service

WASHINGTON — At its current pace, the Federal Aviation Administration will not be able to remove all the "year 2000" bugs from its hundreds of critical computer systems before the turn of the century, which could jeopardize airline safety, increase costs and delay flights, the General Accounting Office has warned in a new report.

The accounting office faulted the aviation agency's management.

"At its current pace, it will not make it in time," the report said. It cited the agency's late start in correcting the problem and, among other blunders, appointing a manager for the project who retired and has not been replaced.

The FAA uses computers for everything from directing planes in the sky to managing and maintaining its inventory of safety and navigation equipment and scheduling inspections. Many of the computers and computer programs are old and are designed to recognize only the last two digits of the year. They may therefore recognize 2000 as "00" and assume that means 1900.

If the problem is not corrected, "the potential serious consequences include degraded safety, grounded or delayed flights, increased airline costs and customer inconvenience," the congressional auditors said.

The chairman of the House Appropriations Committee's subcommittee on transportation, Representative Frank Wolf, Republican of Virginia, said in January that the aviation agency should "take a more aggressive and systematic approach to resolving these issues in a timely manner." Noting that International Business Machines Corp. had advised the agency of this problem months earlier, Mr. Wolf asked, "Where has the FAA been on this issue for the past 15 months?"

A Federal Aviation Administration official, speaking on condition of anonymity, said the agency had completed assessing 425 of its 430 critical computer systems, including all systems in air traffic. Of 209 "mission critical" systems in air traffic, all have been assessed, and 125 are believed to lack the 2000 problem, the official said, although they had yet to be tested.

Scientists Find 1959 AIDS Case From Congo

Washington Post Service

WASHINGTON — Researchers have identified the AIDS virus in a blood sample drawn in 1959 from a man in what was then the Belgian Congo, making it the oldest known case of the infection in a human being.

The origin of the human immunodeficiency virus, or HIV, is one of the mysteries of the AIDS epidemic. There is a consensus that it arose in Central Africa, although exactly how, where and when the first case occurred are unknown.

The new study's placement of the original infection in the 1940s is somewhat earlier than many researchers had believed. The blood sample was taken in what is now Kinshasa, capital of Congo.

Molecular analysis suggests that the man probably was infected about a decade after the virus moved from nonhuman primates into humans. There is no evidence, however, that this was the first case of the disease.

The findings were reported in this week's issue of the journal *Nature*. By establishing more precisely when AIDS began, scientists may get a better picture of how it and other "emerging infections" have over time.

TRAVEL UPDATE

China on Alert for Bombs

BEIJING — Hotels, airports and train stations in Beijing and parts of western China remain on alert against possible bomb attacks by Muslim separatists, sources said Wednesday. The Ministry of Public Security issued a notice ordering greater vigilance in the capital and the western region of Xinjiang, they said.

The notice was circulated before the Lunar New Year holidays, which began Jan. 28, the sources said. The holidays ended without incident, but the sources said the alert would remain in force in the run-up to the annual session of Parliament, which starts March 5.

There were also fears of violence around the first anniversary Thursday of separatists in Xinjiang, home to members of the Uighur ethnic minority, that official reports said killed nine people and injured 198. (Reuters)

Lufthansa Bans Smoking

FRAKURT — Lufthansa said Wednesday that it would ban smoking on all its flights as of March 29.

The German carrier, which said the move

would bring its smoking policy in line with its other Star Alliance partners, said surveys had shown that two-thirds of all passengers prefer nonsmoking flights. (Reuters)

KLIMUK, the British regional carrier owned by KLM Royal Dutch Airlines, said Wednesday that it would cut some ticket prices by July on flights from London's Stansted Airport and simplify its fare structure, responding to such off-frills carriers as Easyjet Airline. (Bloomberg)

Hong Kong issued a cholera warning Wednesday, advising the public to pay extra attention to food hygiene, especially concerning shellfish, after two elderly men caught the disease. (Reuters)

Avianca has agreed with Aeroflot to offer a new passenger service from Moscow to South American destinations, the Colombia-based airline reported. (Reuters)

Britain will never switch to driving on the right, Transport Minister Gavin Strode said Wednesday. (Reuters)

El Nino-Driven Storms Sweep California and Florida

Reuters — SAN FRANCISCO — Swollen rivers overran their banks, emergency crews struggled to shore up collapsing hillsides, and hundreds of people were evacuated as a storm fueled by El Nino hit California.

One man near Palo Alto, south of San Francisco, was killed Tuesday by a falling tree, and hundreds of others were evacuated as the storm dumped up to 5 inches (13 centimeters) of rain across the area.

The National Weather Service said the storm's ferocity was due in part to this year's powerful El Nino weather pattern, causing a warming of Pacific waters off the coast of

South America and severe storms farther north. Wild weather also hit Florida. The worst storm in five years hit the Miami area on Monday night leaving about 220,000 people without power. One person was reportedly killed in the Florida Keys, while four deaths were reported in Cuba.

Swimming pools overflowed along the coast of New England Friday; otherwise, dry and sunny weather the next day. The Midwest and the Northeast will be milder with some sun. Sunny and quite warm in the Southwest, but another cold front will bring soaking rain from Texas to Florida Sunday.

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WEEKEND SKI REPORT

Resort	Depth L' U	Mtn. Plates	Res. Plates	Snow State	Last Snow	Comments
Andorra Soldeu	50 85	Good	Open	Pkd	32	fresh snow and very good
Austria Ischgl	30 140	Good	Art	Pkd	21/1	all lifts open, stable, fresh snow
Kitzbuehel	50 110	Good	Art	Pkd	21/1	all lifts open, good snow
Mayrhofen	5 65	Good	Open	Pkd	22/1	all lifts open, good snow
Obergurgl	65 170	Good	Hard	Pkd	29/1	all lifts open, cold wind
Selbach	60 100	Good	Hard	Pkd	29/1	all lifts open, south facing runs icy
St. Anton	30 200	Good	Art	Pkd	21/1	all lifts open, good snow
France Alpe d'Huez	30 200	Good	Open	Pkd	21/1	all lifts open, good snow
Les Arcs	130 270	Good	Hard	Pkd	21/1	all lifts open, good snow
Avalanche d'Avoriaz	80 200	Good	Open	Pkd	21/1	7250 ft open, good strong
Avoriaz	130 270	Good	Hard	Pkd	21/1	7250 ft open, good strong
Chamonix	80 200	Good	Open	Var	20/1	all lifts open, good snow
Val d'Isere	110 230	Good	Open	Var	20/1	all lifts open, good snow
Courchevel	110 230	Good	Open	Pkd	21/1	all lifts open, good snow
Les Deux Alpes	80 200	Good	Hard	Var	18/1	8680 ft open, plenty of good strong
Flaine	45 140	Good	Open	Pkd	21/1	2420 ft open and 4340 ft open
Meribel	120 270	Good	Hard	Pkd	21/1	7250 ft open, good strong
Megeve	120 270	Good	Open	Pkd	21/1	7250 ft open, good strong
La Plagne	120 220	Good	Open	Var	18/1	10230 ft open, good strong
Savoie Chevallier	110 255	Good	Open	Var	18/1	10230 ft open, operating great
La Tania	110 255	Good	Open	Var	18/1	10230 ft open, above 18500m
Tignes	110 220	Good	Open	Pkd	20/1	excellent strong, good hard
Val d'Isere	95 220	Good	Hard	Var	21/1	most lifts open, good strong
Val Thorens	130 300	Good	Hard	Var	21/1	

ASIA/PACIFIC

World Bank Chief Gets Civics Lesson in Jakarta

Activists Say Agency Ignored Corruption

By Keith Richburg
Washington Post Service

JAKARTA — The World Bank president, James Wolfensohn, came under sharp criticism here Wednesday from Indonesian community leaders and others who said that past bank lending to the country had ignored rampant corruption in government and the lack of democratic development.

Mr. Wolfensohn replied by conceding, "We didn't get everything right in the past."

The exchange came during an unusually feisty, closed-door breakfast forum between the bank president and dozens of local activists in a hotel ballroom. Mr. Wolfensohn is on a tour of the region to assess the social impact of the Asian economic crisis, and to unveil new funding and programs to help fight increased unemployment and urban poverty being caused by the regional meltdown.

During his one-day visit, Mr. Wolfensohn held a 90-minute talk with President Suharto, had lunch with the finance minister, met with bankers and businessmen to talk about the problem of private-sector debt, and toured a Jakarta slum to talk with residents and inspect a bank-sponsored canal-clearing project. In the slum area, he disclosed plans to redirect some \$600 million in bank funding for an urban employment program and rural development.

But it was his early morning meeting with the community activists and leaders of Indonesia's fledgling democracy movement that generated the most unusual exchange of his trip so far — and prompted the even more unusual concession that the bank in the past had made mistakes in its lending policies.

Several speakers chastised the bank

for lending huge amounts to the government amid reports that corruption was rife here. Some noted how, in the past, the bank had offered mostly praise for the Suharto regime, even after warning signs became apparent that an economic crisis was imminent because of nepotism, a weak banking system and a lack of accountability. Others said the bank had neglected to tie decades of economic assistance to an increase in political freedom, and was in many ways responsible for the current economic crisis.

Political reform and economic development are "inseparable," said Agus Purnomo of the World Wide Fund For Nature.

Mr. Wolfensohn was at times defensive and at other times contrite, and he repeatedly tried to shift the focus not to what happened in the past, but to the bank's current efforts to help Indonesia out of its economic mess.

"Later you can tell me if I was a fool, that I got it wrong," he said. "But right now, it's life or death."

At a later news conference, Mr. Wolfensohn relayed the tone and tenor of the conversation with the activists, and conceded to journalists: "We didn't get everything right in the past. I was proud of what we've done, but no doubt we didn't get everything right."

Asked how he responded to the critics, he said, "I basically said to them, look, there's no point in this crisis now in trying to decide who shot John."

The bank at its annual meeting last year in Hong Kong said it would emphasize attacking corruption and advocating transparency in government, partly as a response to criticism that past lending, especially in Asia, has come despite ample evidence that some of the recipient countries are corrupt.

BRIEFLY

Philippine Crash Site Scoured

CLAVIERA, Philippines — Rescuers spent Wednesday searching the crash site of a DC-9 airliner high on a steep Philippine mountain ridge but were unable to find any passengers or large plane fragments.

Rescue officials held out little hope that any of the 104 people aboard the twin-engine Cebu Pacific Air plane had survived the accident.

Rescue teams did find pieces of seat cushions, scattered clothes and documents, at the edge of a deep ravine, and said much of the plane may have tumbled down into the ravine after the initial impact. Efforts to reach the bottom through the remote, dense jungle were unsuccessful by nightfall, and were called off for the day.

The plane disappeared Monday as it was preparing to land in Cagayan de Oro on the southern Philippine island of Mindanao, about 45 kilometers (28 miles) away. (AP)

Defending the Hong Kong Flag

HONG KONG — The police said Wednesday that they had decided to seek legal action against two men who allegedly defaced the Chinese and Hong Kong flags at a demonstration last month.

Defacing the flags has become illegal since Hong Kong returned to Chinese rule in July, but no one has yet been prosecuted under the law.

The police submitted information to the judiciary to start legal action against the men, following the Department of Justice's advice, a police statement said.

The alleged defacement occurred when about 400 people participated in a march Jan. 1, demanding an end to the Communist Party's monopoly on power in mainland China. One man carried a Hong Kong flag, a white Bauhinia flower on a red background, in which the flower was crossed out with black ink. Another man carried a Chinese flag with a hole cut out of it in the middle. (AP)

UN Seeks Funds for Afghanistan

ISLAMABAD, Pakistan — The United Nations began its annual appeal for aid to Afghanistan on Wednesday, asking the international community for \$157 million in donations, a \$24 million increase from its request last year.

After 18 years of civil war, Afghanistan is strewn with millions of land mines, riddled by poverty and lacks most basic infrastructure.

The top UN aid coordinator for Afghanistan, Alfredo Witschi-Cestari, said in Pakistan that donations were needed for hundreds of development projects as well as for emergency food and medical supplies.

"The longer the war continues, the more desperate people become, and the more they depend on assistance from outside," he said.

The United Nations has so far received only \$57 million of the \$133 million requested last year. (AP)

China Restarts Chicken Exports

BEIJING — China is resuming exports of live chickens to Hong Kong, ending a ban imposed in December because of fears about the "bird flu" virus.

The first shipment of 38,000 chickens will reach Hoog Kong markets on Sunday, the China Daily newspaper reported Wednesday.

The avian flu virus has killed six people and sickened 12 others in Hong Kong. The outbreak led to the mass slaughter of all of Hong Kong's 1.4 million chickens in December.

China stopped exporting chickens to Hong Kong on Dec. 24. Before the outbreak of bird flu in Hong Kong, the Chinese province of Guangdong shipped about 100,000 live chickens to Hong Kong daily. (AP)

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*Beijing Says
U.S. Needs
To Update Its
View of China*

BEIJING — Prime Minister Li Peng has mocked what he called ignorant U.S. senators whose views of China came from old films and novels.

He also criticized the Western media for faking the news, and in an interview published Wednesday, poured scorn on U.S. bogies to have the world's greatest democracy "in the mind of some U.S. actors we have spoken with. China is still the backward image described in old movies or novels, and they know very little about the present China, or what they have learned facts," Mr. Li said.

The attack by Mr. Li, 69, who will step down next month after five-year terms as prime minister, appeared to be a warning shot a closely with the 1989 killings of Western critics who identify him anti-government activists around Tiansanmen Square.

The interview was granted to the English-language China Information Bulletin and carried by the official Xinhua press agency.

But Mr. Li hailed the recent warming of Chinese-U.S. ties, symbolized by President Jiang Zemin's meeting in October with President Bill Clinton in Washington.

He urged more contacts to bridge gaps in understanding — even while insisting that the United States was largely to blame for the gap. "China has much more knowledge about the United States than the United States has about us," Mr. Li said. "Very often they have been to China and many U.S. senators think that our situation is very different from ours, and they had a bad mind."

Mr. Li, 69, has spent his career in Beijing, first as a local government official, then as a member of the national legislature, before becoming a judge. China has a semi-unitary system with a central government. He was appointed to the Supreme People's Court in 1980.

As a result, he has been a central figure in the Chinese legal system, and he has been instrumental in establishing standards of justice and rights protection in the country's transition to a market economy.

He quit last year after he was denied re-election to another term as president of the Chinese Academy of Social Sciences.

The Chinese Academy of Social Sciences is a direct descendant of the Chinese Academy of Sciences, which was established in 1957. It is one of the most prestigious research institutions in the country.

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U.S. and European Allies Split on Use of Land Mines on NATO Soil

By Joseph Fitchett
International Herald Tribune

BRUSSELS — The politically charged issue of land mines is again dividing Washington from its European allies, this time as a dispute about whether U.S. troops can keep their mines with them on the soil of North Atlantic Treaty Organization countries that recently signed a treaty banning such weapons.

"It is a problem — solvable I think — but it's going to take time, and there could be some unexpected jolts in the process," a U.S. official said Wednesday.

So far, quiet diplomacy has failed to clear up what seems to be a contradiction between NATO defense arrangements and the anti-mine treaty. Of the 16 NATO nations, only the United States and Turkey declined to sign. Washington said its responsibilities in defending South Korea along the demilitarized zone conflicted with the treaty.

Now those same military responsibilities have re-emerged for U.S. forces in Europe. "It's the law of unintended consequences in hasty arms control deals," said an official from Canada, a NATO member whose government spearheaded the treaty negotiations, including a final whirlwind of bargaining that led more than 100 countries to sign up.

Canada has said it would override its obligations in the treaty to cooperate with the United States or any other NATO ally in the event of war, but U.S. officials argued that a combat situation is too late to deal with a tank that already affects exercises, joint training — even computer war games among allies.

Ironically, one of the governments most opposed to mines is Norway, a country that depends on U.S. mines and troops in its plans to defend the thinly populated north that borders on Russia.

Officials in Oslo, where the treaty banning mines was signed in September, say that they feel strong domestic pressure to apply its prohibitions against owning or stockpiling anti-personnel mines. As a result, there have been calls in Congress for the withdrawal of U.S. troops and prepositioned weaponry from any ally that refuses to accept the mines.

From the U.S. standpoint, the problem stems from differing definitions and technological standards about the anti-personnel mines. The international out-

cry about land mines concerns small, light, hard to spot devices that often have evil half-lives. Left behind by guerrillas or Third World armies, these mines go off when walked on by an unsuspecting farmer or a child, even years later.

Not considered in the treaty were anti-tank mines: heavy devices that require tons of pressure to detonate. But the most advanced U.S. anti-tank mines were considered, exceptionally, to be banned by the treaty because the big central device, when deployed, is surrounded by small devices to keep enemy soldiers from approaching.

The main such weapon, known as a Gator and delivered by air from F-16 fighter-bombers, consists of a canister containing 72 anti-tank mines with 22 anti-personnel mines designed to final enemy infantry off the anti-tank mines. On the ground, they are grouped, usually in a pattern about 100 yards long, with trip wires connecting all 94 elements.

As a result, the U.S. mines are considered anti-personnel mines. European armies also have a system of protecting their anti-tank mines; they attach booby traps to the mines. Because the American explosives are not attached to the main mine, they are considered anti-personnel.

The obvious question — why not change U.S. mines? — gets a ready response from American officials. "There's a reason that they're different: because we are better at it," said Robert Bell, the leading arms specialist on the National Security Council, in discussing the U.S. position at Oslo.

A good sapper, he said, needs only two minutes with a long pole to dislodge booby traps so that enemy infantrymen can carry away a European anti-tank mine. It usually takes at least 20 minutes to clear a path to a U.S. anti-tank mine protected by a wider defensive system.

"That 18 minutes is the difference between life and death," Mr. Bell said. "Imagine the Gulf War," Mr. Bell said. "Imagine General McCaffrey's 24th Mechanized Division with a left hook into Iraq. He's out there with no protection on his flanks, maneuvering. And you see an enemy force coming in on his flank. You pick up the phone, call in an air strike. The aircraft comes over and drops this canister in front of the Republican Guard unit that's threatening his flank and puts down this field of

mine," he said.

Germany has put forward a compromise under which the problem would be referred to a NATO ministerial council — which would immediately send it back to committees for further study.

"We think that there's no real incompatibility here," said a diplomat from Canada.

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INTERNATIONAL

U.S. Urged To Lay Off Iraq During Olympics

By Jere Longman
New York Times Service

NAGANO, Japan — Amid speculation that the United States might attack Iraq soon, International Olympic officials have repeated appeals for nations to avoid military confrontation during the Nagano Games, which begin on Saturday.

While stressing that they were not trying to influence U.S. foreign policy, the officials said they hoped that the United States and other countries that have signed a United Nations resolution pledging peace during the Winter and Summer Olympics would adhere to their pledges. The resolution, signed by 178 countries, is generally known as the Olympic truce.

"The IOC has no comment to make regarding the way the United States of America makes its decisions," Francois Carrard, the International Olympic Committee director-general, said. "We simply hope that, like all signatories to the Olympic truce, they will follow it."

Anita DeFranz of the United States, the first woman elected as a vice president of the IOC, said she had been working back channels to remind the White House that it has resolved to comply with the Olympic truce.

"I just wanted to make sure they know about it; they do," Ms. DeFranz said. "I'm confident that it will play some part, maybe a small part, in the decision-making process."

But Ms. DeFranz, a former Olympic rower, also acknowledged that military conflicts have occurred during past Olympic Games. The Bosnian conflict, for example, continued during the 1994 Winter Olympics in Lillehammer, Norway.

Conflict has followed the Olympic movement. The 1968 Mexico City Games were preceded by student uprisings that led to deaths. The 1972 Munich Olympics were disrupted by Arab terrorists. The United States boycotted the 1980 Moscow Olympics to protest the Soviet invasion of Afghanistan, and Soviet-bloc countries retaliated with a boycott of the 1984 Los Angeles Games.

The State Department said this week that it respected Olympic appeals for peace. But it refused to guarantee that the United States would not launch an attack during the 16-day run of the Nagano Games.



Foreign Minister Mohammed Said Sahaf of Iraq, center, welcoming his Turkish counterpart, Ismail Cem, right, to Baghdad on Wednesday. Mr. Cem was to discuss Iraq's dispute with the UN over weapons inspectors.

BAGHDAD: Hard Time for Books, but Some Arts Still Carry On

Continued from Page 1

In the absence of foreign films, a casualty of the embargo that was imposed on Iraq until it is free of weapons of mass destruction, there has been a burst of energy in the Iraqi cinema, though films are limited thematically and produced on low budgets.

Romance and high-intensity explorations of personal relationships mark both films and contemporary short stories, intellectuals say.

Figurative painting and natural subjects, sometimes fuzzily romantic but rarely propagandistic, dominate contemporary art in the galleries and museums.

History, viewed from a safe distance, is also preoccupying filmmakers. A veritable genre is developing around the life

and death of King Ghazi, the second in a line of monarchs who ruled Iraq from 1920 to 1938.

The king, who died in a car crash in 1939 after only six years on the throne, is being portrayed as a "people's king," Iraqis say. Currently accepted thinking is that he was the victim of an assassination, or an accident, and that the British were to blame.

Britain ruled Iraq under a mandate for a few years after World War I, when the Ottoman Empire was dismantled and Iraq became independent again after four centuries.

The national uprising that soon erupted against British rule is another cinematic theme in the 1990s.

Anti-British themes are safe because they are not out of line with government thinking, now that Britain and the United

States are seen as common enemies of Iraq. But the fascination with King Ghazi may represent more than this. Mr. Saddam likes to think of himself in royal terms, and what better model for a modern monarch than a people's king?

It is not a subject Iraqi intellectuals are free to discuss. An American visiting Iraq expecting to hear a great deal about the 1991 Gulf War is frequently startled by the relative lack of passion about that conflict and the intensity with which Iraqis recall the war before that one, the 1980-1988 war with Iran.

Stories, poetry and films relieve the war, allowing fiction to follow reality.

"There is not a family in this country that was not touched by that war, that terrible war," a writer said. "It affected all of us psychologically."

IRAQ: Momentum for a Military Strike

Continued from Page 1

there was no alternative to forcing Baghdad's hand, Congress responded strongly to a warning by Defense Secretary William Cohen that the United States was prepared to wage a "significant" military campaign against Iraq.

"It would be far more than what has been experienced in the past, certainly since the Persian Gulf war," Mr. Cohen said Tuesday in testimony before the Senate Armed Services Committee. Key committee members called for decisive action if Baghdad remained defiant.

Setting the stage for the nonbinding Senate resolution authorizing U.S. use of force, the majority leader, Trent Lott, said, "If we're going to do this, let's go all the way."

The Mississippi Republican's counterpart in the House, Richard Armitage, a Republican from Texas, said Tuesday that Mr. Saddam was "a dangerous person that should not be allowed to have these kinds of weapons, and we will support any effort we can to provide the world with a greater security from that threat."

Going further publicly than administration officials had, the House speaker, Newt Gingrich, Republican of Georgia, said that U.S. military attack must succeed in getting Mr. Saddam to accept unlimited inspections or else "we will have to replace him with a regime that will agree to end this kind of program" to build weapons of mass destruction.

In complaining about U.S. rhetoric earlier in the day, Mr. Yeltsin may have been seeking to mollify the Russian Parliament, which has been critical of U.S. determination to root out Iraqi weapons programs. In his reported remarks, Mr. Yeltsin accused Mr. Clinton of "acting too brazenly" in Iraq.

"One must be more careful in this world, saturated with all sorts of weapons which are sometimes in terrorists' hands," the Russian leader reportedly said. Instead, he added, some people are saying, "let's flood the place with planes and bombs" — frankly speaking, that's not like Clinton at all."

But even after Mr. Yeltsin's remarks

were declared inoperative, Moscow, together with Paris, insisted Wednesday that a diplomatic outcome was certainly preferable and still possible.

A French official said that if Baghdad had been coaxed into making initial concessions, that might be an opening wedge toward a political deal that provided full access to UN inspectors.

Hubert Vedrine, the foreign minister, voiced serious doubts over the usefulness of military strike against Iraq,

warning that Mr. Saddam might be able to "exploit such an attack to rally public opinion to his side."

He told the French Senate there would be a shock wave in the Arab world if Washington used military force "at the very moment when the international community, especially the United States, has been shown to be powerless to break the deadlock in the peace process between the Israelis and the Palestinians."

His remarks were played down by U.S. diplomats, who said that Mr. Vedrine was placating pro-Iraqi and anti-American lobbies in France. In private, they said, the French government had indicated much greater readiness to back a military strike if Baghdad continued stonewalling on UN inspections.

Secretary of State Madeleine Albright arrived back in Washington on Wednesday after a weeklong trip to capitals in Europe and the Middle East on which she appeared to convince most U.S. allies that military force would probably have to be used against Baghdad. Despite low-key public statements by Arab officials, Ms. Albright was said by diplomats to have gained private promises from Saudi Arabia and other key Arab countries to support U.S. actions.

Arab leaders were publicly cautious Wednesday about the value of the reported Iraqi concessions, and Turkey, which last week said that its military bases could not be used for U.S. air strikes, sounded more supportive of Washington. Prime Minister Mesut Yilmaz said Wednesday in Ankara: "If Iraq does not heed our warning, a U.S. operation to enforce UN resolutions will have some sort of justification."

Israel Would Strike Back, Paper Says

The Associated Press

TEL AVIV — Prime Minister Benjamin Netanyahu refused to assure the United States that Israel would not retaliate to a possible Iraqi attack, a newspaper reported Wednesday.

Secretary of State Madeleine Albright's request for restraint came in a weekend meeting with the Israeli leader, the Ha'aretz daily said.

Mr. Netanyahu's senior adviser, David Bar-Ilan, said Mrs. Albright requested that Israel "keep a low profile verbally," but that he didn't believe a request was made not to retaliate in case of an attack.

In the 1991 Gulf War, Israel headed a U.S. request out to respond to Scud missiles Iraq fired at the Jewish state. However, in the current crisis Israeli leaders have suggested there would be a response to an Iraqi attack.

Mr. Netanyahu said Tuesday that the Iraqi threat had been exaggerated, but said: "We will do whatever necessary to protect our citizens."

Roger Stevens, 87, Arts Champion, Dies

By Bart Barnes
Washington Post Service

WASHINGTON — Roger L. Stevens, founding chairman of the Kennedy Center for the Performing Arts who orchestrated its transformation from dream to reality, died Monday night bereft of complications related to pneumonia. He was 87.

He suffered two partly paralyzing strokes in 1993.

Mr. Stevens served 27 years as chairman of the Kennedy Center's board of trustees and in that capacity is said to have raised \$150 million from a reluctant and skeptical Congress, corporate benefactors and individual donors for the center's construction, operation and endowment.

He was appointed in 1961 by President John F. Kennedy as board chairman of what was then the National Cultural Center. But no national facility for the performing arts existed yet in Washington. For the next 10 years, Mr. Stevens guided and coaxed the project to fruition. In 1971, the Kennedy Center, named for the slain president at Mr. Stevens's suggestion, opened with the world premiere of Leonard Bernstein's "Mass."

Since then, thousands of the world's leading musicians, actors and dancers and its finest artistic ensembles have performed on the Kennedy Center stages, bringing to Washington a cultural explosion that helped dispel its image as a city of "dead monuments and a dull bureaucracy." The producer David Merrick called the center "the most successful cultural facility in the world."

Although best known for his work at the Kennedy Center, Mr. Stevens also played a pivotal role in persuading Congress to pass legislation establishing the National Endowment for the Arts, which represented the federal government's first attempt to become a national arts patron. He then served as the endowment's first chairman. During the administration of Lyndon B. Johnson, he also was special assistant to the president for the arts.

Before starting his career at the Kennedy Center, Mr. Stevens had made a fortune in the business world. He was a real estate broker and a resourceful investor, specializing in hotels and office buildings. In that capacity, he was widely

known as a smooth and able negotiator, with a riverboat gambler's love for risky, high-stakes deals and an extraordinary skill for working out the most complex agreements. In 1951, he put together a syndicate that purchased the Empire State Building in New York for what was then a record \$1.5 million.

He also had produced more than 250 plays and musicals, including "West Side Story," "Annie," "Cat on a Hot Tin Roof," "Tea and Sympathy," "A Man for All Seasons" and "Bus Stop."

Politically, Mr. Stevens had been a finance chairman of the Democratic National Committee, and he also had raised money for the presidential campaigns of Adlai Stevenson.

Dorothy Hart Hirshon, 89, Actress

NEW YORK — Dorothy Hart Hirshon, a glamorous figure in New York society from the 1920s through the '40s who later became active in social, human rights and political causes, died Jan. 29 in an automobile accident while driving near her home on Long Island. She was 89.

Frequently photographed and written about during her glittering earlier marriages to John Randolph Hearst and William S. Paley, she married Walter Hirshon, a stockbroker, in 1953. After their divorce in 1961, she became increasingly involved in education and philanthropic endeavors.

Dorothy Hart was 19 when she met her first husband, the third of William Randolph Hearst's five sons, while sailing on a yacht off Santa Barbara, California. The groom dropped out of college after his freshman year and joined Hearst Corp., and the young couple became regulars in the cafe society of the period.

Mrs. Hearst met Mr. Paley, head of the Columbia Broadcasting System, in 1931. After some months, she filed for a divorce, and in May 1932, she married Mr. Paley.

David Patrick Columbia wrote in *Quest* magazine in 1993: "They were the golden couple on the town. She became his Pygmalion. His hunger to know satisfied her trenchant desire to teach. He had the instincts, but she, despite her youth, had the instincts and the knowledge. She began transforming his life.

CROSSWORD

ACROSS

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EDITORIALS/OPTION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Focus on the Weapons

The indifference of Saddam Hussein to the suffering of his people has created its own dilemma for everyone else. The Iraqi leader has refused to permit the full arms inspections that would end the economic sanctions the United Nations imposed after he swallowed Kuwait. He has malingered in using the oil-for-food loophole that the United Nations crafted to spare the Iraqi people the full brunt of his defiance. Now there is a new complication as, again, foreigners show concern for the Iraqi people whom he ignores. Even while the United States moved toward an early military confrontation on arms inspections, the UN secretary-general proposes to expand the oil-for-food loophole and to unlink relief from the gathering storm.

To the general case for humanitarian relief for Iraq, there can be no serious objection. The political argument over who is to blame for the Iraqi population's plight must yield on moral grounds to the alleviation of pain, which, seven years after the Gulf War, is by objective testimony severe in the extreme. In any event, the United States will likely gain politically from the support it promptly announced for Kofi Annan's initiative. The Arab countries in particular have criticized the United States for what they see as a

vendetta against Saddam Hussein pursued at the common man's expense. In the battle over who would blink first at Iraqi distress, the dictator in Baghdad has "won." This is not a contest in which the United States could ever have hoped to compete.

If the humanitarian case for the American proposal is powerful, however, its timing is bad. The United States is planning some days of heavy bombing to enforce the UN inspection mandate. It is possible to imagine that Saddam Hussein will ride out a first attack. Is this the right moment for the United Nations to more than double (to \$5.2 billion) the oil that Iraq is allowed to sell every six months? True, the proceeds go not to him but to the world body for relief (and now infrastructure repair) in Iraq. Gulf War reparations and UN costs. But Saddam Hussein may be in a position to claim that he has survived Bill Clinton's best shot and received an international reward that lets him sell oil at nearly a prewar level.

Such a posture would cut directly across the urgent international effort to take weapons of mass destruction out of his hands. A delay on the Annan proposal in order to keep a tight focus on the arms makes sense. Many lives are at stake there, too.

—THE WASHINGTON POST.

The Press Does Its Job

There is nothing like a big, fast-breaking story that people are really curious about for putting the professional press critics into their condemnation mode. In turn, the whiff of condemnation puts many reporters and editors into meat culpable overdrive. A certain amount of public self-criticism is healthy in any field, especially one as powerful, diverse and unregulated as the media. But during Hurricane Monica, self-examination has morphed into unwarranted self-flagellation.

Free-flowing information is the fuel of democracy. The pontifical fog from the televised press panels should not obscure the key fact that industrious, uninhibited reporting has brought to light the factual outlines of a situation that indisputably belongs before the public.

The task of thinking straight about the mainstream reporting on this story is complicated by the sudden growth of non-orthodox journalism in the tabloids, the 7 o'clock gossip shows and Internet free-lancers. Certainly, these elements have speeded up the deadline clock and distorted the boundaries of good taste. As combatants in what Hillary Clinton regards as a political battle, the White House is well within its rights to seize on Matt Drudge's appearance on "Meet the Press" or ill-sourced accounts of the evidence-bearing dress as symbols of recklessness.

But no one should confuse regrettably lax sourcing and inaccurate details with being wrong on the big picture. Nor should we take President Bill Clinton's refusal to discuss matters about which he is the only person in the American government who knows the truth as a reason to end a national conversation that is worth having. It matters to millions of citizens whether the president has lied under oath or looking directly into the cameras.

It is, moreover, a fair matter of civic curiosity for any citizen — or newspaper — to wonder about the reports

—THE NEW YORK TIMES.

Other Comment**Start Paying Off the Debt**

Think of it: a balanced budget without a deficit. In fact, President Bill Clinton's fiscal 1999 federal budget projects a surplus of \$9.5 billion. And in the future? More balanced budgets with growing surpluses. The fiscal good news is dazzling.

This is a remarkable achievement, one that many Americans thought they would never see again. It is the result of commendable efforts by both the president and Congress and a conjunction of a buoyant economy and the end of the Cold War.

But Washington should not rush to spend those future budget surpluses. As of now, they exist only on paper and will occur only if the economy continues to perform at an exceptional pace. Even the \$9.5 billion that Mr. Clinton projects for next year is based on some iffy assumptions.

The president could seek to use some of the surplus to begin paying down the

—Los Angeles Times.

For a Responsible America in a World Community

By Flora Lewis

DAVOS, Switzerland — The way the United States has come to tower over the world was made evident at this year's World Economic Forum. America's clear superiority in all major realms of power — military, economic, political, technological, cultural — was repeatedly called to everyone's attention.

William Richardson, U.S. ambassador to the United Nations, stressed "the importance therefore of the U.S. being international."

He was obviously addressing himself to Americans, especially congressmen who voted against paying up back UN dues, because all the people here could not agree more. They see U.S. power not so much as an advantage but as a responsibility, which they would like to see better fulfilled.

The ominous noise of the impending and seemingly inevitable war with Iraq almost drowned out signs that Washington is coming to see that it does need to take some new initiatives:

The failure to forestall and avert the East Asia economic crisis, now recognized as a danger to many more than the countries directly hit, has sparked new thinking about how international finance has ballooned out of control.

Serious social upheavals are expected in several countries as the pain of economic collapse falls on many millions of people. Already, Washington is beginning to plan on providing emergency food assistance to Indonesia, which will not be able to buy essential supplies.

But beyond the efforts to stem the crisis, there is a new awareness that the mechanisms available to keep the world's money stable are just not adequate to deal with the overwhelming volume of capital flows.

The experts are starting to talk about "Bretton Woods II," a successor to the conference at the end of World War II which set up the World Bank and the IMF Fund and made what rules exist.

There is controversy about whether Bretton Woods II should set up additional international institutions or provide new powers to existing ones. But at least Washington has at last decided to study the issue and figure out how to draw up new proposals. The Clinton administration realizes that if it does not move, nobody else will.

The free market has become every-

body's maxim, but resistance is melting to the idea that orderly rules, particularly of disclosure and accountability, must be imposed if it is to function reliably.

Another new development, responding to foreign grievance, is the State Department's initiative on the use of sanctions. Since 1945, the United States has applied some kind of sanctions in a hundred cases for a wide variety of reasons ranging from human rights to terrorism to nonproliferation. But 63 of these cases have been in the last three and a half years, a sanctions mania burdening foreign relations.

American business is starting to lobby against the harm it does to commercial interests. So a system is to be devised to make a cost-benefit analysis of each proposal for sanctions. There are many times, especially with Iran and Cuba, when the damage caused by resulting tensions with allies may outweigh the impact on the target country.

The idea is to demonstrate that sanctions are not a cost-free foreign policy tool. To decide whether they are worthwhile requires a case by case study of the hidden costs as well as of the probability that they will work. And that

cannot be shown unless the aim is clearly and specifically defined.

Six hundred U.S. companies have set up an organization called USA Engage to challenge sanctions mania. The State Department relies on their support to persuade Congress that sanctions have to be much more selective, much more carefully calculated in terms of national interest instead of special interest groups.

This is one way of taming the tendency to use America's newfound sense of power irrationally, just because the power is there when some Americans want to show disapproval of something, regardless of other countries' views. That is part of what drives others to denounce a supposed American will to hegemony.

Of course the power is limited by the will of others. But more important is to limit it by a sense of responsibility so that Pax Americana can for the first time provide the world with community rather than imperial dominion.

America is "indispensable," as President Bill Clinton has said, but neither it nor the world will benefit if it tries to be overwhelming.

Flora Lewis.

Friend Blair Pays a Timely Visit to the Unsteady Superpower

By Jim Hoagland

WASHINGTON — British prime ministers have long understood that American presidents always do the right thing in a crisis, after exhausting every other option. The residents of 10 Downing Street have for six decades stuck close to the occupants of 1600 Pennsylvania Avenue — to be in position to tip the balance at the crucial moment.

Tony Blair's visit this week follows that familiar pattern, even if he would never dream of calling attention to it. He will instead stress Britain's willingness to join U.S. strikes against Iraq and will emphasize the close political and ideological partnership that he and Bill Clinton have established.

Both things are true. But they are not the whole story of the special relationship as the millennium approaches.

Mr. Blair is arguably Mr. Clinton's most important friend abroad at this moment of international political and monetary upset. No other important foreign leader combines solid control of the legislature, moral authority at home and economic

prosperity as Mr. Blair does.

His three-day visit, which ends on Saturday, will point up that America has again become a brash, unpredictable Rome in need of tutoring and wise counsel from a physically weaker but more sophisticated modern-day Athens.

This is a result in equal parts of Mr. Clinton's domestic troubles and uncertain handling of much of his foreign policy agenda, and of the legislative arrogance and introspection that grips Congress.

These factors make America an unreliable player in international politics today. Unlike the French, Germans, Israelis, Egyptians and others, the British mask their uneasiness with American leadership so as to be able to influence it.

Americans should remember that there will be two Tony Blairs visiting. On Iraq, he will speak as the British prime minister. On Iran, Cuba and other topics, he will speak as the European leader who chairs the European Union for the first six months of 1998.

Blair the Brit will offer genuine and important support on an urgent matter of war and peace. Blair the European will offer genuine and important opposition to congressional attempts to isolate Iran and extend U.S. law over foreign commercial transactions.

Mr. Blair's foreign secretary, Robin Cook, paved the way in Washington last month by publicly attacking the congressional approach to Iran as "wrong in principle and counterproductive."

Mr. Blair is more likely to stress the progress that has been made on controlling exports to Iran of technology and goods that can be used to build chemical, biological and nuclear weapons and long-range missiles.

He will report that Europe has moved significantly to tighten proliferation controls on Iran, and has joined Washington in pressing Russia's Boris Yeltsin to do the same.

U.S. special envoy Frank Wisner got Moscow to accept the European Union's list of

prohibited exports as its own. That should, in the British view, set the stage for a joint U.S.-European approach to Iran that emphasizes dialogue and滴rop sanctions.

In general, European leaders have concluded that it is impossible to prevent Iran from eventually developing weapons for mass destruction. As a big, homogeneous and ancient nation, Iran must be dealt with and not simply ostracized, in this view. The task for diplomacy is to reason with the Iranian leadership, delay its acquisition of deadly weapons and discourage Iran fromreckless actions.

Iraq under Saddam Hussein is a different case. Military action is justified to deny to Iraq the use of weapons of mass destruction.

But throughout the crisis over UN inspections, Mr. Blair and Mr. Cook, both of whom are lawyers, have pressed Washington to give the French and Russians time and flexibility to make a deal that protects the inspections while giving Saddam some "light at the end of the tunnel" on sanctions.

In November, for example, it was Mr. Cook who forced Secretary of State Madeleine Albright's hand when she initially balked at flying to Geneva to meet with him and the French and Russian foreign ministers on Iraq. He would have to go to Geneva even if she did not, the foreign secretary dryly observed, according to two independent sources, and Mrs. Albright changed her plans.

British concern that Washington might be rushing the pace of NATO expansion has also surfaced from time to time. It is difficult to gauge how this has affected U.S. decisions, but the recent U.S. policy statement that effectively put off consideration of Nato membership for the Baltic nations for a decade was met with relief in London.

Margaret Thatcher loudly took credit for guiding two American presidents in the ways of the world. Tony Blair is far more discreet, but certainly no less important to America's unsteady world leadership.

The Washington Post.

Storm Clouds Over the Pacific: Beware of Trade Tension

By Robert G. Lees

HONOLULU — Leaders on both sides of the Pacific should carefully watch storm clouds that are gathering just over the horizon. Unless clear heads prevail, the region may be heading toward a period of heightened tension between the United States and East Asia over trade.

Such tension could set back the cause of trans-Pacific economic liberalization, and slow

Asia's recovery from financial turmoil.

Stalling economies and weak demand in East Asia, combined with currencies that are now worth much less against the dollar than in July, when the region's troubles erupted, provide both the means and the motivation for a surge of Asian exports to the United States.

The timing could not be worse. Protectionism and a "Why should we care about Asia?" attitude are gathering strength in Congress, and could set off a new round of trade warfare if triggered by a surge in Asian imports.

Many Asian companies will find it difficult to recover by expanding sales at home or in

other Asian markets. They will need to look outside the region.

The United States will be a key target because it has a robust economy, an open trading regime, a market large enough to absorb these products, and an overvalued currency.

Weakened Asian currencies will give Asian goods a competitive price advantage, armoring Asian firms with a weapon to export aggressively.

How would such a surge of Asian imports be viewed in the United States? The Clinton administration has pushed for free trade and support for the IMF. But long before the administration's push for these causes had been weakened by scandal, Congress had already shown the strength of its protectionist muscle by forcing President Bill Clinton to back away from formally requesting fast-track trade negotiating authority.

The last Congressional session closed without even voting on a White House request for extra U.S. funding for the IMF and Mr. Clinton faces an uphill battle securing the money in the current session.

It does not take much imagination to envision the damaging media sound bites that certain politicians could fashion about the U.S. taxpayers who paid for the Asian IMF bailout, only to find their jobs being threatened by a rising tide of imports.

Governments and business both have their responsibilities. As the global economy grows, it will be for governments — particularly in the poorer countries — to find ways at national level to ensure that newly generated wealth benefits all their people and not just a privileged few.

They vie with one another to persuade companies that their countries offer social stability, the rule of law, and a regulatory framework capable of inspiring investor confidence.

Long gone are the days when governments of what was then known as the Third World used the UN platform to berate multinational corporations as rapacious monsters, interested only in depriving them of their natural assets and draining their national wealth.

What makes the dialogue possible is the perception by both sides that open markets are a precondition for spreading more widely the benefits of globalization, for integrating developing countries into the world economy, and for improving living standards of all the world's peoples, and in particular the poor.

This courting of foreign capital and expertise is a sign of the times. The market economy is everywhere embraced as the most effective means of generating and spreading wealth.

But it cannot operate at maximum potential without an efficient regulatory framework that sets the rules of the game. Those rules once came almost exclusively from national gov-

ernments. They will need to be reformed in East Asia.

Especially as Japan, the country with the greatest financial exposure to the region, does little to further open its markets and stimulate demand even though it has the world's second largest economy.

It would be an extreme tactical blunder for Asian leaders to assume that because the American economy seems likely to continue growing at a healthy pace, a big increase in imports could be absorbed without howls of protest or calls for retaliatory action.

Funding for IMF programs and continued trade liberalization are essential if East Asia is to surmount its current difficulties. The highly charged political atmosphere that would result from a surge in Asian imports would imperil U.S. participation and leadership in both.

Responsible leaders on both sides of the Pacific would be well advised to ponder the implications of these disturbing but very real possibilities.

The writer is secretary-general of the Pacific Basin Economic Council, an association of senior business leaders representing more than 1,000 firms in 20 countries around the Pacific. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO**1898: No to Illiterates**

WASHINGTON — After a short debate in the Senate, by a vote of 48 to 25, passed the Anti-immigration bill, excluding from United States territory illiterate immigrants over sixteen years of age. Exception is made for widows, fathers and mothers and grandmothers of immigrants already established in the United States.

Creation of small and medium-sized businesses will be the most effective way to spread genuine wealth, as opposed to handouts. Here business know-how — communicated perhaps through the chamber of commerce movement worldwide — has a key role to play.

Rural infrastructure development and provision of basic health care and education will be essential, too, but these are all primarily the responsibility of government.

Finally, it remains for business to provide the enterprise, capital and inventiveness, and to forge the alliances and strike the deals that make the global marketplace a reality.

The writer is secretary-general of the International Chamber of Commerce. She contributed this comment to the International Herald Tribune.

1948: Ceylon Free

COLOMBO — Ceylon, after 300 years of foreign domination, today [Feb. 1] attained full self-government. At midnight temple bells heralded the advent of Ceylon independence, and later salvos of guns, the bursting of firecrackers and the shouting of sirens proclaimed the birth of the Dominion. Ceylon's Premier appealed to the people to "use opportunities which freedom offers and to strive to toil for the establishment of the great Lanka (Ceylon)."

Start Paying Off the Debt

Think of it: a balanced budget without a deficit. In fact, President Bill Clinton's fiscal 1999 federal budget projects a surplus of \$9.5 billion. And in the future? More balanced budgets with growing surpluses. The fiscal good news is dazzling.</p

OPINION/LETTERS

**What's the Point of This Story?
Sex! So Quit the Pontificating**

By Frank Rich

NEW YORK — From day one there has been only one man with the vision to see the story clearly, and see it whole. I refer, of course, to America's malfe d' of special interest groups.

The night the Lewinsky saga broke, Mr. King assembled the usual gang of Beltway suspects on his CNN broadcast — Bob Woodward, James Carville, Marlin Fitzwater — but whenever they dawdled over great constitutional issues, Mr. King cut to the chase: "So sex is still numero uno of interest?" he asked.

He hasn't let up since. A few nights later Mr. King interrupted another ponderous panel to get it back to the point: "The name of this story is sex, correct?" And a few nights after that he cut off another, curiously: "This is, in fact, when we get down to it, the story of sex, right?"

Each time, the gabags at hand patronizingly acknowledged Mr. King's point before retreating to lofier observations about the independent counsel law or shedding more crocodile tears over the defloring of the press.

But the name of this story IS sex, and if we Americans have learned nothing else in two weeks it's that we can't get enough of hearing about it — even as we pretend to be above such tawdriness. While 75 percent of the public tells ABC pollsters that there is too much media coverage of the scandal, it has nonetheless consumed that coverage avariciously.

While 90 percent of Americans believe that adultery is always or almost always wrong (according to last summer's Gallup

poll), they are giving the president, whom they find guilty of this sin, a free pass.

Though recent academic sex surveys suggest that most of us lead moderate sex lives, the trade monthly Adult Video News reports a 100 percent rise in American porn-video rentals and sales since 1992, Internet porn not included. At \$4.2 billion, it's a business twice as large as major league baseball, three times as large as Disney's theme park division, eight times as large as Broadway,

Nonetheless, the lawyer William Ginsburg aped most of the television pundits Sunday when he declared: "I don't think ... the American public is really interested in the president's sex life. Monica's sex life or anybody else's sex life."

Guess again. That's all it's interested in, which is why the story is now subsidizing.

Without salacious details, this Clinton scandal would have no more legs with the public than Whiteewater, Lippogate, Filegate or Travelgate.

The TV coverage is calming down now not because this scandal has or because the networks have suddenly decided to take the high road in chastened reaction to public anger at their excesses, but simply because there is, for the moment, no fresh sex to fuel it.

It was a dark day for Oralgate as an entertainment juggernaut when the media had to retract such sordid staples of the coverage as the alleged semen-stained dress, the Secret Service voyeur and incidents of presidential phone sex. Time lines about possible suborned perjury, let

alone professional carfights between Mr. Ginsburg and the lawyer Alan Dershowitz, just don't cut it. A soap opera without daily helpings of sex is an oxymoron.

Rather than fill the drought with, say,

further investigation into the White House campaign finance scandals — how many Americans even knew that Charlie Trie was indicted last week? — the media instead try to strike lascivious sparks from damp wood.

MSNBC trots out grainy newsreel foot-

age of the Wilson and Harding adminis-

trations in its search for novel presi-

dential bawdy-pantsy. As if Ms. Lewinsky weren't young enough for prurient fantas-

ies, the New York Post runs a photo spread

illustrating how a cosmetic makeover

could make her look younger still.

This week's *Newsweek* eroticizes even

Oralgate's secondary female players: the

right-wing pundit Ann Coulter is a "will-

owy" blonde, the alleged Clinton para-

mour Dolly Kyle Browning a "hubbly"

blonde and the book agent Lucianne Gold-

berg a "good-time girl."

Meanwhile, ionier essayists everywhere

are dredging up Francois Mitterrand's

mistress to pursue the "French" angle.

Poor Larry King. On Monday he was

reduced to asking George Stephanopoulos

if he had ever dated Monica. Poor Ken-

neth Starr. He can't get America's atten-

tion unless he's trading in sex, and then

he's branded as a puritanical witch-hunter.

Poor media. All dressed up in "President

in Crisis" logos with no new himbo erup-

tions in stock. Poor public. Once more into

the video store, dear friends.

The New York Times.

LETTERS TO THE EDITOR

Texas Execution

Regarding "U.S. Court Won't Bar Execution" (Feb. 4):

American society has sadly failed if there can be no mercy and no recognition that person can have a change of heart. In what way can the taking of a life ever make up for the one that was lost? Would that something shake up those who profess moral superiority and so simplify good and evil.

MARY L. UGNAT.
Bevaix, Switzerland.

If Governor George Bush of Texas and others really believe that the death penalty is an effective deterrent to murder, perhaps they should go further.

They could take a cue from Islam and institute hand-slapping and head-chopping — in public. That would really scare some sense into people!

JEFFREY KENNEDY.
Rome.

The judicial murder of Karla Faye Tucker by the state of Texas reveals the United States as a barbaric nation that is totally unqualified for its role as leader of the civilized world.

DENNIS B. STUART.
Frankfurt.

Value in the Skies

Regarding "Flying to Japan" (Editorial, Feb. 4):

In connection with the civil air

and head-chopping — in public. That would really scare some

sense into people!

JEFFREY KENNEDY.
Rome.

It seems that for many Ameri-

cans consumers price is the sole

criterion. As a passenger,

however, I am willing to pay extra

— say \$200 to \$500 — to enjoy

better service: pleasant flight at-

tendants, no last-minute hassles

caused by a company's policy of

overbooking, no being rerouted to

a different airport without notice.

Also, "international" flight at-

tendants on U.S. carriers often

speak only one language, English,

while Japanese attendants speak

at least two languages. Shouldn't

this factor be included in the price

of a ticket?

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while Japanese attendants speak

at least two languages. Shouldn't

this factor be included in the price

of a ticket?

Also, the Northwest Airlines

flight from the United States to

Manila via Tokyo is often late

because of stopovers, arriving at

the dangerous hour of midnight.

This could put my safety, and my

luggage, in jeopardy.

Perhaps we Japanese con-

sumers should understand that the

cheaper fares on American air-

lines come with a lot of hidden

costs. Similarly, American con-

sumers should be aware of higher

quality service; more value for

more money. Price does not tell

the whole story.

Lastly, many of my coun-

trymen working for other govern-

ments, including the U.S. gov-

ernment, are surprised to learn

that the Japanese government

does not require its officials to fly

on Japanese carriers. We have

total freedom to choose our fa-

vorite airlines, unlike our Ameri-

can colleagues.

MIKIE KIJYOL
Tokyo.

The writer works in the inter-

national press division of Japan's

Ministry of Foreign Affairs.

Letters intended for publication

should be addressed "Letters to the Editor" and contain the

writer's signature, name and full

address. Letters should be brief

and are subject to editing. We can-

not be responsible for the return of

unsolicited manuscripts.

and demanded a new and much enlarged role for government.

In Europe, the response to the Depression was the mixed economy and the welfare state. Britain's Labour Party ultimately nationalized such basic industries as coal and steel, railroads and utilities.

This became the conceptual basis for the developed world's mixed economies over the next 30 years. The government would own the strategic industries, which would be insulated from the tests of the marketplace. The modern welfare state was integral to the mixed economy, the very embodiment of solidarity and the postwar social contract.

The great reversal also began in England, galvanized by the election of the Conservatives' Margaret Thatcher in 1979. During her 11 years as prime minister, Mrs. Thatcher initiated a program of privatization, government retrenchment and market emphasis that widely influenced governments around the world.

The moral appeal of socialism and state intervention is clear and explicit: altruism, sympathy and solidarity with fellow human beings; dignity and social betterment; justice and fairness. The market system's moral basis is more subtle and indirect.

The essential morality of the market is threefold. The first is in the results it delivers, in what it makes possible for people and, cumulatively, for the betterment of society. The second lies in the conviction that a system based on property, contracts and initiative provides protection against the arbitrary power of the state. The third is the quality of the "rules of the game" that govern its workings.

If the market is seen to fail on any of these grounds, there will surely be another backlash. For the renewed confidence in the marketplace to endure, there must be a realistic appraisal of its risks and uncertainties — and of its benefits, limits and values.

This comment was adapted from "The Commanding Heights: The Battle Between Government and the Marketplace That Is Remaking the World." Mr. Yergin, a Pulitzer Prize-winning author, is president of Cambridge Energy Research Associates. Mr. Stanislaw is the company's managing director.

**Embracing the Market:
Beware a Backlash**

By Daniel Yergin and Joseph Stanislaw

WASHINGTON — Is today's embrace of the market truly a revolution or only a temporary romance? Will this resurgent capitalism spawn the kind of excess and instability that was rampant in the early part of the century and cause the same sort of backlash that led to government's

MEANWHILE

long ascendancy? Will the cycle be repeated or broken?

The shift to markets does not signal government's end. Yet the scope of government — the range of duties it assumes in the economy — is decidedly receding. It is impossible, of course, to say whether this shift is irreversible. History is not a definitive guide. But it serves as a sobering reminder of what happens in the face of war and economic upheaval.

In the traumatic aftermath of the Depression and World War II, "government knowledge" came to be seen as superior to "market knowledge." Behind this was the conviction that markets went to extremes, that they could fail, that there were too many needs and services they could not deliver, that the risks and the human and social

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Erib Tech

NASA Quietly Gets Ready for That First Trip to Mars, Just in Case

By Warren E. Leary
New York Times Service

WASHINGTON — As it has through the ages, Mars, at times the nearest planetary neighbor of Earth, holds a strange fascination for people and has long been a coveted destination for the more imaginative.

Whether spurred by science fiction or hints of past life in ancient Martian rocks, many people seem to feel that inevitably humans will set foot on the red planet, first to visit, then to stay.

Quietly, and often unnoticed, scientists and engineers are putting together plans and the technology to make such dreams a reality. At several National Aeronautics and Space Administration centers, and at universities and aerospace companies, small-scale studies are under way on bits of technology that could come together to send a human crew to Mars early in the next century.

New approaches being examined for a Mars trip — using lighter, partly inflatable ships, developing closed systems to recycle wastes and produce food, and making rocket fuel on Mars instead of hauling it from Earth — show promise.

Because there is no political mandate for a human mission to Mars, NASA is approaching the possibility cautiously

and with little fanfare, sponsoring several low-cost research projects and readying blueprints for an endeavor, should one be called for.

"I don't know of another event that would inspire our imaginations or stimulate our innate feelings for exploration more" than such a journey, said Daniel Goldin, the agency's administrator.

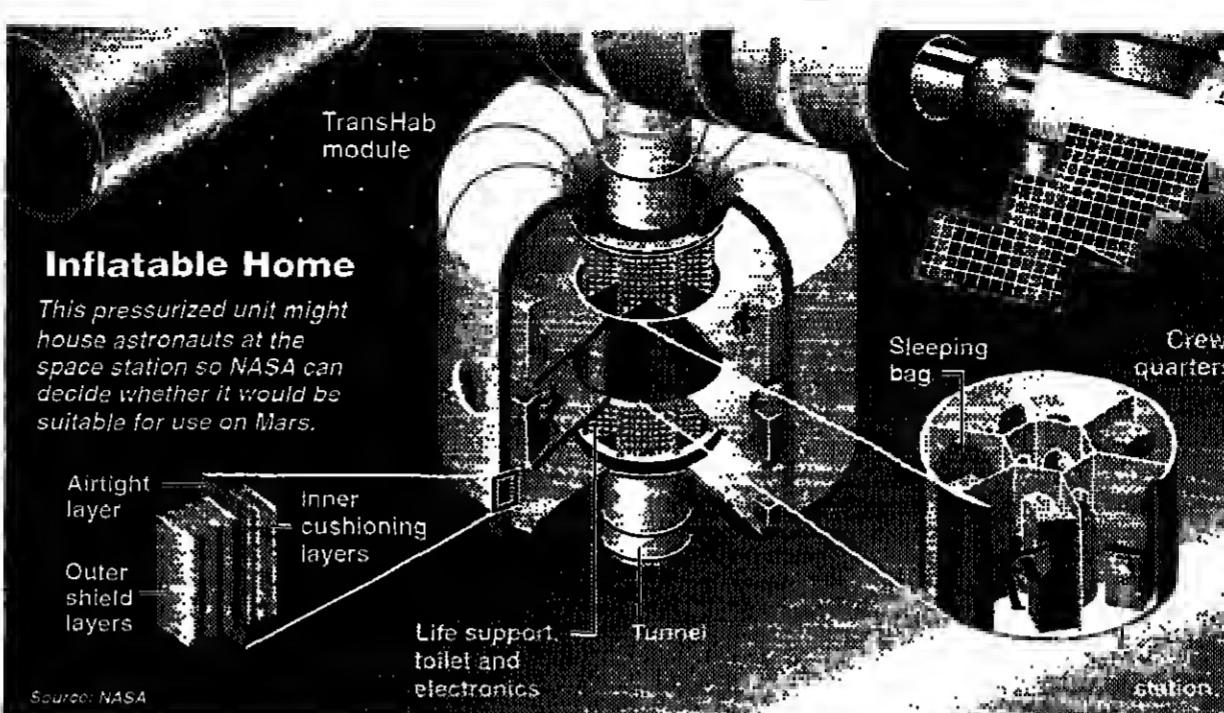
Mr. Goldin says that in the next five or six years, he wants his agency to lay the groundwork for such a venture. At the end of that period, he said, criteria for the mission should be solid enough to show the president or Congress how to accomplish it within 8 to 10 years of setting a starting date.

Four questions must be resolved before there can be a serious human Mars proposal, Mr. Goldin said: Can people live and work in space for the two to four years required? Is there a compelling scientific reason for people to go? Can the journey be made for a relatively low cost? Should the United States conduct the mission alone or as part of an international project?

To address these questions, NASA officials said, the agency has been spending \$5 million to \$10 million a year on studies directly related to human exploration beyond Earth orbit.

Much has changed from previous efforts, says Louis Friedman, executive director of the Planetary Society, and other experts. First, the cost estimates for a Mars expedition have dropped sharply in the last few years and should continue to fall as researchers explore new ways of doing things, they say. Recent estimates by NASA engineers put the cost of sending six astronauts to Mars on a two-to-three-year mission at about \$55 billion, only about 10 percent of the projection a decade ago.

Some experts hold that robots are the best way to explore Mars. But Mr. Goldin and others said initial studies may turn up tasks that only humans can do well.



not provided for in current plans for the station, Ms. Fender said. Such a radiation shield would be useful on an interplanetary trip or on Mars, which, unlike Earth, has no magnetic field to trap solar radiation above the planet.

Other technology in the works focuses on regenerative life support systems that can recycle wastes while producing oxygen and food for space travelers.

NASA engineers working with the Advanced Life Support Program, also headquartered at the Johnson center, say they have made great strides in developing a bioreactor that uses microbes to clean waste water before it is filtered through a conventional reverse-osmosis purification system.

Don Henningsen, head of the life-support program at Johnson, said the program completed a 91-day test in December in which four participants in a sealed chamber proved that such a system was feasible. It allowed recovery of 99 percent of potable water, he said, processing a total of 2,300 gallons from the 210 gallons originally stored.

For the first time in such a test, engineers used an incinerator to recycle fecal waste, recovering carbon dioxide and water vapor used to nourish wheat and lettuce growing in an adjacent chamber. The wheat, in turn, produced 25 percent of the oxygen used by the crew.

The regenerative system has obvious implications for a Mars trip, because it would be expensive and impractical to take along all of the food, water and other consumable items that the crew would need without recycling it, he said.

The program is planning to build a large research unit known as Bio-plex to test the idea of a completely contained, closed system that can sustain a crew for more than a year.

"Our job is to be ready with the technology when it is needed," he said.

SITES

Related sites on the Internet:
• The latest on Mars exploration projects from the NASA Ames Space Science Division is at:
cmex-www.arc.nasa.gov/
• A list of Mars-related links, sponsored by ThinkQuest, is at:
library.advanced.org/11147/pages.htm
• A launch pad to help navigate Mars and the possibilities it offers is at:
www.qsl.net/n1std/marsframes/rameset.html

U.S. Cyber-Establishment Bets Chips on 'Internet 2'

Universities Team With Firms and Government

By Robyn Meredith
New York Times Service

NEW YORK — A handful of researchers scattered across the country are rushing to develop a videoconferencing computer program so sophisticated that it will allow executives in four locations to "sit" around a table together, "flipping" documents back and forth while they talk.

The virtual meeting is perhaps the most ambitious of many programs now being designed for the next generation of the Internet, an endeavor President Clinton championed in his State of the Union address.

Researchers at more than 100 universities, with the backing of a few companies, are taking the lead in the effort, and their quarterback is Douglas Van Houweling, one of the creators of the original Internet.

Mr. Van Houweling is chief executive and president of the University Corporation for Advanced Internet Development, a nonprofit group that is trying to harness academia, government and industry to put together Internet 2, as the project is called, as well as the programs needed to operate it.

Mr. Van Houweling's plan is to add high-speed lanes to the clogged electronic highway that today's Internet has become. After the universities develop and debug these new lanes over the next two to five years, commercial interests will probably take over, imposing

charges on those using Internet 2's premium services.

Mr. Van Houweling envisions Internet 2 as a way for high-end users to quickly and reliably move huge amounts of data across phone, cable, satellite or other yet-to-be-invented networks. The virtual meeting is just one advance that would be far ahead of current technologies.

"Today's Internet is like a single-lane highway with unlimited access points and no traffic control," said Mr. Van Houweling, who is based in Ann Arbor, Michigan. "There will never be a red light that will come on and say you can't use it. When the traffic gets heavy, things slow down."

Internet 2 will add toll lanes to speed things up.

While the strength of the Internet has been its accessibility, this has become a weakness for those who need to move large amounts of data quickly. There is now no way for them to separate themselves from the rest of the pack, who typically send e-mail.

Allan Weis, chief executive of Advanced Network & Services, said he hoped the technology would be up and running by 2000 and commercially available by 2003. Companies that want to commercialize the service will most likely need to license the intellectual property rights from the various universities that developed it, he said.

Mr. Van Houweling's organization consists of 117 universities. Each contributes from \$500,000 to more than \$1 million a year to upgrade its campus computers and to help develop programs for Internet 2.

On the business side, about 25 companies have pledged to pay \$10,000 each in annual dues and to provide services. Participants include Cisco Systems Inc. and 3Com Corp., which will be involved in designing advanced switches and routers for the system; IBM Corp., which plans to give \$3.5 million in grants; telecommunications giants MCI Communications Corp., AT&T Corp. and Sprint Corp.; and Starburst, an independent software vendor.

Public and private research centers



Douglas Van Houweling, a creator of the Internet, aims to speed it up.

SITES

Related sites on the Internet:
• More on Douglas Van Houweling at:
www.umich.edu/~newinfo/Releases/1997/Oct97-1008976.html
• Latest information on the Internet 2 project at:
www.internet2.edu/
• Some industry partners working with universities to develop Internet 2 at:
www.hied.ibm.com/news/bulletin/restate.html
www.3com.com/news/releases/sept1597a.html

CLEANING WITH RADAR: The Swedish appliance giant Electrolux AB has unveiled a prototype of a robot vacuum cleaner, designed to ease the load of housework-haters around the world.

The robot vacuum cleaner is a smooth round disk with wheels, with built-in navigational radar that allows it to vacuum its way around any room without bumping into furniture or other obstacles. When placed on the ground, the battery-operated vacuum cleaner automatically starts cleaning without my human help.

It radar first finds the nearest wall and vacuums around the edge of the room. It then cleans the rest of the room, in irregular stretches, slowing down when it approaches an obstacle and steering out of the way with a microprocessor.

Electrolux, which began making vacuum cleaners in 1909 and now makes about 20 percent of all those sold in the world, said there were no immediate plans for production. Tests are being carried out to determine consumer and commercial viability.

The unique thing about this robot is that we have made a breakthrough when

it comes to cost and production. It is fully possible to manufacture," said Michael Treschow, the chief executive.

Electrolux has already developed a prototype solar-powered robot lawnmower, sold under the brand name Husqvarna.

PC CRASH ALERT: A five-year streak of robust growth in Japan's personal-computer market is set to come to a halt as the sluggish economy has hit buying by both companies and consumers, a trade group said this week.

The Japan Electronic Industry Development Association, a group of 23 major PC makers operating in Japan, said domestic shipments of PCs in the year ending March 31 would fall for the first time in five years.

The group expects shipments of about 6.7 million units in the 1997-98 business year, short of the target of 7.5 million it announced in November and down 6.8 percent from 1996-97.

The November forecast had already been cut from a forecast last spring of 8.8 million units as sales steadily slumped.

PC shipments in the fourth quarter of

1997 fell 7 percent from a year earlier, their second consecutive quarterly decline, the group said. (Reuters)

ON-LINE CONTINENT: AOL Bertelsmann Online Europe GmbH expects to have more than 2 million customers by July, challenging Deutsche Telekom AG as Europe's leading provider of on-line information services.

The joint venture of America Online Inc. and the German media company Bertelsmann AG has seen its membership reach 950,000 since it began operating in Europe in November 1995. The purchase this week of CompuServe Corp.'s European operations almost doubles AOL Bertelsmann's subscriber base to 1.8 million, putting it second to Deutsche Telekom's T-Online and its 1.9 million subscribers. (Bloomberg)

WEB-JACKING: The recent attention being paid in Mat Drudge, publisher of the Drudge Report, an on-line gossip sheet covering the Monica Lewinsky case, has meant that his Web site (www.drudgereport.com) has become one of the most popular information destinations on the Internet, often making it difficult to get on to the site. But if

users type that same Web address as drudgereport.com (note the missing letter "d"), they will end up in a site that has little to do with Drudge or Washington. They will be transported to the cyberhome of a bank in Latvia, which is capitalizing on Mr. Drudge's notoriety to pull Web traffic its way.

Paritite Bank, which is based in Riga and bills itself as an offshore on-line bank, uses the Internet aggressively to draw new business — and in doing so has registered a variety of domain names.

In addition to the obvious addresses, such as www.paritite.lv and www.paritite.com, it has laid claim to www.anonymousbanking.com and www.offshore-account.com. It has also registered dozens of marquee brand names or variations thereof. The variations run the gamut from bloomberry.com to warnerbrother.com.

Most of these sites have been registered since the beginning of this year, with the help of a company based in Duhlin named MartinSide Marketing.

"We believe these sites help drive general traffic to our site, and even if a visitor was not looking for bank facilities in Latvia, he might remember us

and come back," said Alexander Ruchkovsky, Internet project manager for Paritite, who estimated that 30 percent of new account came through the bank's Web site. (NYT)

THE SMALL PICTURE: Fuji Photo Film Co. will introduce the world's smallest and lightest megapixel digital camera in Japan on March 4.

The camera is equipped with a 1.5 million pixel "charged-coupled device" sensor, the company said. Such a device is equivalent to film in analog cameras; a CCD sensor takes in light and color information from an image and transforms it into digital information. Digital cameras for consumer use normally have CCD sensors with about 300,000 pixels, while high-end models used by professional photographers can have more than 2 million pixels.

The camera, which weighs about 245 grams (8.6 ounces), will sell at retail for 99,800 yen (\$790), the company said. A spokesman said Fuji planned to start exporting it in April.

The company aims to sell 250,000 of the cameras in Japan during the first year of sales, the spokesman said. (Reuters)

moving out there is the inevitable decline of the written word and the rise of little speakers in home, office, car and pocket.

Why write when you can talk? Most people think writing is difficult, even tortuous, and they have no patience or time for reading. The same folks love to talk and listen.

Well, the hardware exists, and software is being developed, to make it possible to function by directing streams of verbal consciousness at computers inside refrigerators, televisions, stores, dashboards, school desks and flush toilets — accepting and sending audible directions and information in any language.

IF THERE are languages, I'm joking, but I see troubling portents in Windows 95, Microsoft's pictographic — and, therefore, universal — language, using icons and mouses rather than letters and key-striking.

I could be wrong about how long it might take to change the world. Creating the software making such things possible is labor-intensive, takes a lot of man-hours, so programs lag hardware capability — and the government, you and I lag hardware.

Keeping up is difficult even for the men and women who spend all their time pushing the envelope of technology.

But, along with Microsoft Corp., companies as serious as IBM and Lucent Technologies Inc. appear to be pushing forward.

Even writers are in on this. Don Katz, whose books include "Home Fires" and "The Big Store," gave up typing for money to build a company called Audible Inc., which has just introduced a pocket-sized, 3.5-ounce gizmo that loads itself with sound from the Internet, from audio-books and from anything else that makes noise — in effect, giving anyone out there a chance to program a personal mobile radio station.

Mr. Katz, the new tycoon, says building a company from an idea makes writing seem relaxing.

I don't doubt that, but talking and listening are a lot easier than either commerce or art — and given a choice, most people opt for convenience. The ongoing history of our times has been the drive to make life easier and easier for most of the people most of the time.

Stuart Goldsmith/HIT

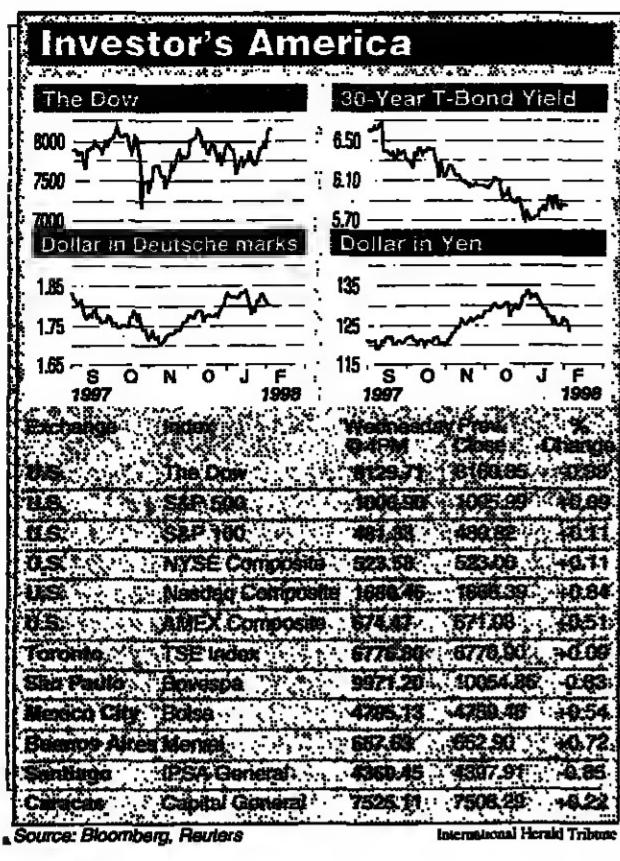
RISSES**PORTANCE
WORKING****ectors benefit from local media and international meetings****led writers, who may shut themselves off, the creative juices of media through interactive contact.****infrastrucure on the Cognac Club and associations about the region, while conference delegations draw half a million visitors a year.****Cannes Film Festival in June, MIPDOC for advertising in June, Telet****MIPNTV, the international tele****April, and MIPCOM Junior, for****the young people in October.****of traditional media are supple****media options: MIDEM, the****publishing and music indust****the international market is****has a major multimedia attrac****conference that began as an off****of Monte Carlo. This year,****attracte graphic experts for****equivalent show in Europe ge****not involve thousands of people****enough. 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Wednesday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month
High Low Stock Div Yld PE 100% High Low/Latest Clos

12 Month High	Low	Stock	Div Yld	PE	100% High	Low/Latest Clos
219 114	114	BordenOG	15	614	13	1246 1246
219 120	119	BordenP	15	614	13	1246 1246
219 121	120	BordenP	15	614	13	1246 1246
219 122	121	BordenP	15	614	13	1246 1246
219 123	122	BordenP	15	614	13	1246 1246
219 124	123	BordenP	15	614	13	1246 1246
219 125	124	BordenP	15	614	13	1246 1246
219 126	125	BordenP	15	614	13	1246 1246
219 127	126	BordenP	15	614	13	1246 1246
219 128	127	BordenP	15	614	13	1246 1246
219 129	128	BordenP	15	614	13	1246 1246
219 130	129	BordenP	15	614	13	1246 1246
219 131	130	BordenP	15	614	13	1246 1246
219 132	131	BordenP	15	614	13	1246 1246
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219 225	224	BordenP	15	614	13	1246 1246
219 226	225	BordenP	15			

THE AMERICAS



Blue-Chip Shares Slip, But Tech Issues Rise

Compiled by Our Staff From Dispatches

NEW YORK — Stocks finished mixed Wednesday, with blue-chips slipping but the broader market gaining after some strong earnings reports.

The Dow Jones industrial average closed down 30.64 points at 8,129.71 as investors secured some profits from a rally that has put the index within reach of its first record high six months ago. The broader Standard & Poor's 500 index edged up 0.91 to 1,006.90.

Gaining issues outnumbered losing issues by a 5-to-4 ratio on the

U.S. STOCKS

New York Stock Exchange, and the technology heavy Nasdaq composite index closed up 14.12 points at 1,680.46.

"It's very orderly and restrained, and it looks like the momentum players are looking for another opportunity to jump into the market," said Michael Metz, chief investment strategist at CIBC Oppenheimer & Co.

Technology stocks gained on hope that the worst damage to their earnings from Asia's economic slowdown had passed.

"There is a perception in the marketplace that Asia is on the mend," said Roger McNamee, the general partner at Integral Capital Partners.

Cisco Systems closed up 1% at a record 64¢ after the world's biggest computer networking company said its second-quarter profit rose 30 percent.

(Reuters, Bloomberg, AP)

Very briefly:

- The New York Times Co.'s fourth-quarter profit jumped 50 percent to \$79.3 million, as higher advertising revenue offset the impact of rising newsprint costs. Revenue rose 7 percent, to \$768.4 million. Excluding one-time gains and charges, earnings rose 18 percent.
- CBS Corp.'s fourth-quarter loss from continuing operations fell in \$10 million from \$63 million a year earlier as sales jumped 44 percent, to \$1.47 billion. The results exclude a gain of \$871 million on the sale of discontinued operations. CBS became a pure media company in November after it sold its nonmedia assets and changed its name from Westinghouse Electric Corp.
- Seagram Co.'s second-quarter profit dropped to \$28 million from \$161 million a year earlier as liquor sales in Asia were cut in half and the company took a \$50 million charge to write down assets and lay off workers in the region. Revenue fell 5.6 percent, to \$3.54 billion.
- Protection One Inc., a residential burglar-alarm company, said it would buy Network Multi-Family Corp. from Western Resources Inc. for about \$175 million. Network Multi-Family provides alarms for apartments and condominiums.
- Imation Corp. plans to cut 1,700 jobs, or 17 percent of its work force, by the end of the year, up from an earlier estimate of 1,000 to 1,500 jobs. The maker of data-storage and imaging products cited fierce price competition. After a previously announced charge of \$158.7 million, Imation had a fourth-quarter loss of \$157.8 million, compared with a loss of \$600,000 last year. Revenue fell 2 percent, to \$569.8 million.
- Mobil Corp. named Eugene Renna president and chief operating officer, making him a top candidate to eventually succeed the chairman and chief executive, Lucio Noto. Mr. Renna, 53, has been executive vice president.
- General Motors Corp.'s U.S. car and truck sales fell 6.2 percent in January from a year earlier, and Ford Motor Co. reported a 10 percent decline, a bigger drop than expected in both cases. Chrysler Corp. posted a 2 percent rise in January.
- AP, Bloomberg, Reuters, AFP

AMEX**Wednesday's 4 P.M. Close**

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press

Stock Sales High Low Last Chg. %pt

AMC 1472 268 274 270 +1/2 +0.3%

AMT 265 100 102 101 -1/2 -1.0%

AMZN Pk 488 174 174 174 +1/2 +0.6%

AMT 265 100 102 101 -1/2 -1.0%

AMT 265 100

MF's Critic**Press for New Funds****Take a leading role in efforts to****bring economies emerge from a****massive international rescue of \$100 billion.****With Korea initially did little to****encourage or stop outflows of capital since stabilized somewhat, but****the United States will need****to restore its credibility.****The United States will be held****responsible if the instability were to spread****to markets and our national security****is threatened.****Transparency at the IMF****is important from its 152 member states.****Expect to publish more information.**

Reuters Says U.S. Inquiry On Hacking Could Widen

The Associated Press

LONDON — Reuters Holdings PLC, the news and information provider under the spotlight in a U.S. grand jury investigation, said Wednesday that it knew of no attempts to break into the central computer of a rival, Bloomberg LP.

Reuters' share price has slid since it announced last week that investigators were trying to determine whether a U.S. subsidiary had used information stolen from Bloomberg.

Reuters acknowledged Wednesday that the inquiry could spread elsewhere in the parent company.

Reuters said that if it found "any proprietary information belonging to Bloomberg" in its products, it would take remedial action." But it said it did not believe it would have to withdraw any of its financial-information products.

The U.S. subsidiary, Reuters Analytics Inc. of Stamford, Connecticut, provides specialized information on fixed-income investments such as government bonds, and Reuters said Wednesday that it had been advised that the federal grand jury investigation in New York also concerned some stock market data.

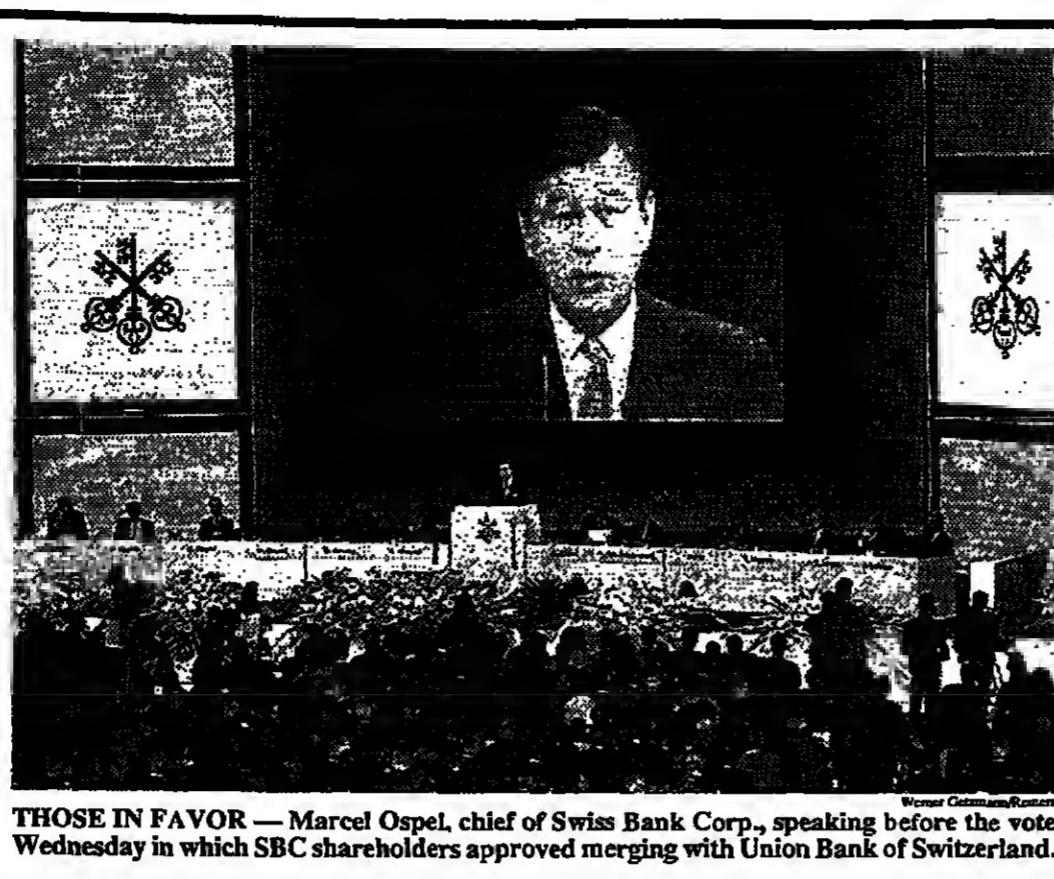
The London-based parent company said Wednesday that the criminal investigation also had targeted several employees of Reuters Analytics.

Reuters said it believed the focus of the investigation to be the relationship between Reuters Analytics and a New York-based consultancy and Bloomberg subscriber. Investigators are trying to determine whether Reuters "improperly induced" the consulting firm to wrongfully provide Bloomberg information.

The New York Times has reported that prosecutors say the consulting firm, Cyberspace Research Associates Inc., was trying to help Reuters Analytics gain information about the computer code that lets Bloomberg run its financial software.

Cyberspace reportedly is run by a former Bloomberg employee. The Reuters statement did not identify Cyberspace as the consultant in question.

In London, Reuters shares rallied on unconfirmed rumors that a settlement was being discussed. After Reuters released its statement on the investigation, the stock finished 23 pence higher at \$45 (\$8.95).



THOSE IN FAVOR — Marcel Ospel, chief of Swiss Bank Corp., speaking before the vote Wednesday in which SBC shareholders approved merging with Union Bank of Switzerland.

Nestle to Buy Dalgety's Pet-Food Business

Bloomberg News

LONDON — Dalgety PLC agreed Wednesday to sell its Spillers pet-food manufacturing business to Nestle SA in a surprise move that analysts said could indicate the breakup of the British food manufacturer.

The £71.5 million (\$1.17 billion) sale came even though Dalgety said five months ago it would make pet foods the focus of its attempts to recover from the effects of Britain's "mad cow" disease crisis on its profit.

Dalgety's shares rose 49.5 pence, or 17 percent, to 343, lifted by its promise to return to 650 million from the Nestle deal and other asset sales to shareholders.

Dalgety also said it had agreed to sell Martini-Brower, which supplies hamburgers to McDonald's Corp. in the United States, to the closely held U.S. food processing company Reyes Holdings for £120 million.

Last month, Dalgety sold its food-ingredients business to Kerry Group of Ireland for £35.5 million.

After those sales, Dalgety will have an agricultural-feed business

and its Pig Improvement Co., which supplies genetically improved breeding stock to pig producers.

Dalgety has struggled under the twin burdens of the expensive 1995 acquisition of Quaker Oats Co.'s pet-food business and the effects of a worldwide ban on British beef products after an outbreak in 1996 of bovine spongiform encephalopathy, a brain disease in cattle that has been linked to several human deaths in Britain. The company posted a loss of £89.3 million for the year ended June 30.

Nestle sells Friskies cat food in Europe and owns the American pet-food maker Alpo. Pet food is part of Nestle's prepared-foods unit, which had sales in 1996 of £15.96 billion Swiss francs (\$10.85 billion).

Shares in Nestle rose 3 Swiss francs to 2,398.

"From a strategic point of view, this acquisition makes sense for Nestle," said Michael Kammer, an analyst at Union Bancaire Privee Asset Management in Zurich. "Pet foods is a growing market in which the company already has strong position."

Dalgety's pet-foods business, whose brands include Felix, Win-A-Lot, Choosy and Fido, had operating profit of £26.4 million in the year that ended last June.

Nestle sells Friskies cat food in Europe and owns the American pet-food maker Alpo. Pet food is

part of Nestle's prepared-foods unit, which had sales in 1996 of £15.96 billion Swiss francs (\$10.85 billion).

Shares in Nestle rose 3 Swiss francs to 2,398.

One of the concrete results of the meeting was a mandate for the organization to expand its comparative evaluation of government policies aimed at supporting industry so that benchmarks of best practices could be established.

"Seeking the input of businessmen is a major change," David Aaron, the U.S. undersecretary of commerce, said in an interview. "It does make a difference having real businessmen talking about business."

He said the meeting showed "strong support for private-sector, market-driven solutions to problems — that's a big change," and that one is "likely to lead to a lighter hand" of regulation.

The thrust of the meeting was twofold: that small and midsize companies are the major creators of jobs and that the industrial paradigm is changing from a focus on physical production and output to a knowledge-based economy where intangibles such as quality and service are of growing importance.

Bloomberg, Reuters, AFP

WORLD STOCK MARKETS

Wednesday, Feb. 4**Prices in local currencies.****Tickers****High Low Close Prev.****Amsterdam****AETNA****Alcoa****Alcatel</b**

NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Wednesday's 4 P.M. Close
(Continued)

(Continued)

4-Month High	Low	Stock	Div	Yld	PE	100s	Sk		Locat	Ch	
							High	Low			
114.8	7%	NicAMP				1520792	112	1110	1110	+10%	
78	55	Nico pG	5.25d	6.6	15	10805	764	743	764	-	
32.0	24	NICOR	1.20	1.0	15	1411795	100	97	100	+2%	
51.0	35	Nideco	.40	3.0	12	2032	256	250	256	+5%	
33.0	14	NineCents	.30	—	35	192	485	476	485	-5%	
52.0	37.0	NipponTT	.21	—	14	21	1203	207	207	210	+6%
47.0	30	NiponAI	.16	—	14	1574948	284	270	284	+4%	
38.0	15	Noibell	.10	—	15	8859	810	794	810	+3%	
102.0	55	Nokia	.69	—	15	245	100	100	100	+1%	
47.0	14	NordPac	.10	—	15	1755950	320	219	320	+1%	
38.0	20	NordS	.50	8.0	21	1000	100	95	100	+1%	
50.0	35	NordT	.10	—	21	118	254	250	254	-4%	
61.0	41.0	NordT	.99	2.5	10	139	266	250	266	+6%	
22.0	17.0	Nordic	.10	—	10	318	610	594	610	+2%	
45.0	33	NofBac	.00	1.0	18	204	327	320	327	+2%	
135.0	73.0	Nofill	.10	—	15	2778	120	124	124	+1%	
35.0	26	NoiBord	.30	6.9	17	243	330	320	330	+3%	
58.0	34	NoiSp	.02	5.2	17	921	54	53	54	+3%	
57.0	21.0	NoiSp	.00	2.0	15	3610093	471	457	460	+1%	
127.0	71.0	NoiSp	.00	1.0	15	22	1952050	100	100	100	+2%
23.0	17.0	NWPPS	.97	—	15	148	216	210	216	+1%	
5.0	2.0	NwppS	.00	1.7	15	31428	384	376	384	+1%	
11.0	7.0	Nova q	.40	—	14	1084	511	490	511	+1%	
12.0	12	Nova Cp	.10	—	14	552	304	300	304	+2%	
17.0	10.0	NovaCp	.10	—	14	3661	135	129	135	+3%	
10.0	1.0	NovaSte n.10p	.10	—	14	149	174	170	174	+2%	
10.0	1.0	NovaSte n.10p	.10	—	14	114	24	20	24	+2%	
10.0	1.0	NovaSte n.10p	.10	—	15	222	24	20	24	+2%	
57.0	34	Nucer	.00	4.0	15	152	372	364	372	+1%	
17.0	14	NuCHD	.99	5.8	15	194	17	16	17	+1%	
18.0	9.0	NuCHD	.50	5.3	15	520	104	94	104	+1%	
10.0	5.0	NuCPV	1.00	5.9	15	123	70	70	70	+1%	
15.0	15.0	NuCAO	.98	5.8	15	251	164	164	164	+1%	
17.0	15.0	NuCO	.99	5.8	15	277	160	160	160	+1%	
10.0	5.0	NuCPI	.80	5.1	15	164	154	154	154	+1%	
10.0	5.0	NuCPI	.80	5.1	15	100	144	144	144	+1%	
10.0	5.0	NuCPI	.80	5.1	15	1177	149	149	149	+1%	
13.0	11.0	NuIMPI	.70	5.4	15	605	120	120	120	+1%	
16.0	14.0	NuInQ	.95	5.8	15	781	166	164	166	+1%	
16.0	14.0	NuIM	.99	6.0	15	210	166	164	166	+1%	
16.0	14.0	NuIMAD	1.03	6.0	15	172	166	164	166	+1%	
16.0	14.0	NuIMAD	1.01	6.1	15	194	164	164	164	+1%	
17.0	14.0	NuIMAD	1.01	6.1	15	188	164	164	164	+1%	
17.0	14.0	NuIMAD	1.01	6.1	15	128	174	170	174	+1%	
18.0	14.0	NuIMAD	1.01	6.1	15	171	174	170	174	+1%	
17.0	15.0	NuNYQ	.94	5.7	15	618	164	164	164	+1%	
17.0	15.0	NuNYQ	.94	5.7	15	300	174	174	174	+1%	
16.0	13.0	NuNYQ	.99	5.7	15	222	154	154	154	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	225	146	144	146	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	124	154	152	154	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	159	164	164	164	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	194	164	164	164	+1%	
15.0	12.0	NuPAp2	.78	5.5	15	1074	154	164	164	+1%	
17.0	12.0	NuPAp2	.78	5.5	15	1114	164	164	164	+1%	
17.0	12.0	NuPAp2	.78	5.5	15	124	154	154	154	+1%	
17.0	12.0	NuPAp2	.78	5.5	15	637	146	144	146	+1%	
17.0	12.0	NuPAp2	.78	5.5	15	751	164	164	164	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	229	164	164	164	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	129	164	164	164	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	104	154	154	154	+1%	
16.0	12.0	NuPAp2	.78	5.5	15	1004	274	274	274	+1%	
25.0	21.0	NuPAp2	.80	6.1	15	521	226	214	226	+2%	
20.0	21.0	NuPAp2	.80	6.1	15	1731	254	250	254	+2%	
10.0	6.0	OccipPr	1.00	1.0	15	656	790	787	790	+1%	
70.0	20	Occomtry	.00	—	15	1001	474	464	474	+1%	
27.0	20	Occomtry	.00	—	15	196	241	237	241	+1%	
27.0	20	Occomtry	.00	—	15	196	241	237	241	+1%	
25	20	Occomtry	.00	—	15	204	205	204	205	+1%	
16.0	10.0	Officer	.00	—	15	213	212	140	140	+1%	
20.0	15.0	Officer	.00	—	15	186	231	226	231	+1%	
20.0	15.0	Officer	.00	—	15	125	231	226	231	+1%	
20.0	15.0	Officer	.00	—	15	1275	157	146	157	+1%	
20.0	15.0	Officer	.00	—	15	289	247	240	247	+1%	
20.0	15.0	Officer	.00	—	15	457	324	300	324	+1%	
20.0	15.0	Officer	.00	—	15	316	346	340	346	+1%	
20.0	15.0	Officer	.00	—	15	288	279	264	279	+1%	
20.0	15.0	Officer	.00	—	15	2144	346	354	354	+1%	
10.0	9.0	Officer	.00	—	15	273	104	102	104	+1%	
63.0	30	OrcaM	.25	5.0	15	257	254	250	254	+1%	
20.0	15.0	OrcaM	.25	5.0	15	64	204	204	204	+1%	
20.0	15.0	OrcaM	.25	5.0	15	544	449	439	449	+1%	
20.0	15.0	OrcaM	.25	5.0	15	204	214	210	214	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1360	126	126	126	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2016	240	24	240	+1%	
20.0	15.0	OrcaM	.25	5.0	15	428	377	374	377	+1%	
20.0	15.0	OrcaM	.25	5.0	15	922	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	922	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	135	130	135	+1%	
20.0	15.0	OrcaM	.25	5.0	15	2051	354	350	354	+1%	
20.0	15.0	OrcaM	.25	5.0	15	1874	13				

Hanoi Tries to Attract Foreign Investors

South Korean "She

Ion to Sell Hotels

OREA: Despite New Rules

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ASIA/PACIFIC

Hanoi Tries to Make Up With Foreign Investors

Amid P&G Crisis, Meeting Reassures Few

Compiled by Our Staff From Dispatches

HO CHI MINH CITY — Prime Minister Phan Van Khai vowed Wednesday to improve the investment climate for foreigners as Procter & Gamble Co.'s Vietnam unit teetered on the brink of bankruptcy.

"We are imminently facing insolvency," he said, adding that the parent company could not legally inject more capital unless the local partner in the venture did the same.

Mr. Hed said efforts to resolve the dispute, including lobbying on its behalf by the U.S. Embassy, had made no progress so far. He was not hopeful of any last-minute breakthrough.

At the conference designed to allow foreign investors to address grievances directly to the highest level of government, Mr. Khai said, "Your loss is our risk and loss."

"We are fully aware that we should and must continue to improve the environment to continue the improvement of the competitiveness of the market economy," he added.

Mr. Khai acknowledged that officials had caused unjustified losses for foreign investors, and he pledged to improve the situation.

"We will make the foreign investment environment more attractive and transparent," he said.

But he then said that not all foreign investors were saints and that some were guilty of trade fraud, labor abuses and tax evasion.

Procter & Gamble has become a symbol of Hanoi's problems with foreign investors. Its Vietnam unit, which is 70 percent owned by the American company and 30 percent owned by a local, state-run partner, is on the brink of shutting down.

The partners argued last year over responsibility for millions of dollars in losses incurred over the venture's first two and a half years of operation. Within weeks the issue had been covered extensively by the state-controlled media which, for the most part, portrayed it as an example of a foreign company's trying to

muscle out Vietnamese interests.

Alan Hed, the company's top executive in Vietnam, said that while there was still hope of saving the venture, it was in default on loans and starved for funds to continue.

"We are imminently facing insolvency," he said, adding that the parent company could not legally inject more capital unless the local partner in the venture did the same.

Mr. Hed said efforts to resolve the dispute, including lobbying on its behalf by the U.S. Embassy, had made no progress so far. He was not hopeful of any last-minute breakthrough.

At the conference, foreign investors presented a list of complaints and said much needed to be done if Vietnam were to regain its attraction as an investment destination.

Vi Le, trade commissioner for the Australian Embassy in Hanoi, said the reality of doing business in Vietnam was at odds with policy or statements by government officials.

"Getting the investment license is the easy part," she said. "After that, the day-to-day environment for implementation of the investment is filled with hindrances that are contrary to policy. This has led to considerable foreign investor disillusionment."

Few investors said they expected much change after the meeting, which was held in the former South Vietnam's presidential palace.

"I don't think the changes required here are going to occur until there is a substantial pain feeling at street level," said Peter Ryden, president of the American property company Lukemax Co. (Reuters, AFP)

The markets, which began the week with stunning rises, lost their momentum as investors took profits. Thai shares fell the most, with the main index ending the day down 9.5 percent at 505.59 points.

"We're back to the realism that perhaps things aren't as rosy as we thought," said Miles Remington, a trader at SocGen Crosby Securities.

"Markets are going to have economic problems going forward, and

Reuters

STRIKE FORCE — Members of the Korean Confederation of Trade Unions listening to a press conference Wednesday at which a spokesman complained that South Korean workers were bearing the brunt of the country's economic pain. The union threatened to stage a nationwide strike Friday.

Asia Gives Up Some Gains

Stock Indexes Slip as 'Realism' and Profit-Taking Set In

Reuters

HONG KONG — Major stock markets across Asia fell Wednesday as investors reminded themselves that the region's economic problems and poor corporate results would be around for a while.

The markets, which began the week with stunning rises, lost their momentum as investors took profits. Thai shares fell the most, with the main index ending the day down 9.5 percent at 505.59 points.

"We're back to the realism that perhaps things aren't as rosy as we thought," said Miles Remington, a trader at SocGen Crosby Securities.

"Markets are going to have economic problems going forward, and

economic growth will be under pressure."

Hong Kong stocks fell 2 percent, while Tokyo lost just under 1 percent. Jakarta fell 3 percent, and Manila was off 2 percent. Malaysia shares fell 1.5 percent after Tuesday's 23 percent gain.

Pent-up demand after the Chinese New Year and strength in local currencies explained Monday's rally. Mr. Remington said, but the outlook has worsened once again with the corporate earnings season on the horizon in most major centers.

Poor earnings would remind investors of the havoc caused by the region's economic crisis of the past several months, he said.

Buyers Sour On Peregrine Asset Unit

Compiled by Our Staff From Dispatches

HONG KONG — Potential buyers of the asset-management arm of the failed Peregrine Investments Holdings Ltd. have left the negotiating table after finding the funds that the unit managed had performed poorly, Price Waterhouse & Co. said Wednesday.

Price Waterhouse, named last month to liquidate the failed investment-banking group, said the chances of finding a buyer for Peregrine Asset Management (H.K.) Ltd. were slim. Banque Nationale de Paris snapped up Peregrine's prize possession — its Greater China brokerage and corporate-finance business — for an undisclosed sum this week.

"We are negotiating with three parts for significant parts, and in addition to that, there are other offers on the table for individual offices," David Hague, the liquidator, said.

Sources close to the talks said the Spanish bank Banco Santander SA had made an offer for the whole of Peregrine but that it was conditional and that Peregrine's Greater China team had not been enthusiastic about the offer.

Under the deal struck with Banque Nationale de Paris, about 150 staff representing almost all the people remaining at Peregrine's Greater China equities division will move to a new entity called BNP Prime Peregrine Ltd.

Francis Leung, the co-founder of Peregrine who directed the Greater China equities operations, will be managing director. (AP, Reuters)

Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Straits Times	Nikkei 225
17000	2000	20000
15000	1750	16500
13000	1500	17000
11000	1250	15500
9000	1000	14000
S O N D J F 1997 1998	S O N D J F 1997 1998	S O N O J F 1997 1998
Wednesday Close	Wednesday Close	Wednesday Close
Hong Kong Hang Seng	10,302.61	10,525.51
Singapore Straits Times	1,422.25	1,477.90
Tokyo Nikkei 225	15,882.62	15,022.65
Kuala Lumpur Composite	630.76	701.91
Bangkok SET	608.59	558.92
Seoul Composite Index	547.23	550.21
Hulip Stock Market Index	8,470.61	8,514.76
Manila PSE	2,042.14	2,085.88
Jakarta Composite Index	5,193.22	536.78
Wellington NZSE-40	2,244.65	2,240.57
Singapore Sensitive Index	3,319.15	3,354.80

Source: Telekurs

International Herald Tribune

Very briefly:

• Thai Airways International PLC is holding talks with Boeing Co. and Airbus Industrie to delay taking delivery of seven new aircraft from the two companies.

• Cable & Wireless Marine Ltd. of Britain and Nippon Telegraph & Telephone Corp. of Japan formed a strategic alliance to create a new submarine cable engineering company in March to target construction and maintenance in Asia.

• China posted its first trade surplus with the European Union in five years in 1997 as its imports of mechanical and electrical machinery slumped, the official Xinhua news agency said. The \$4.62 billion surplus compared with a deficit of \$4 million in 1996.

• Microsoft Corp.'s chairman, Bill Gates, said that even though sales had been affected by the financial crisis in Asia, the troubles there would not affect the company's investment strategy. "The partnerships we build, those are designed for 10 years, 20 years or 30 years, and we'll be charging full speed ahead with that," he said.

• Yasuda Trust & Banking Co. of Japan said it had appointed Fuji Bank Ltd.'s vice president, Kazuhiko Kassi, as chairman, replacing Fujio Takayama. The move is expected to help Yasuda Trust restructure its business.

• Japan's industrial production at manufacturers with 300 or more employees fell 2.9 percent in the October-December quarter from the July-September quarter, as sluggish sales at home and in Asia offset a rise in exports to the United States and Europe.

• Toho Mutual Life Insurance Co. of Japan and a financial unit of General Electric Co. of the United States are in talks to establish a business partnership that could help increase the ailing insurer's capital base.

• Coca-Cola Co.'s South East and West Asian division said it expected profit from its soft drinks to exceed 1997's record levels despite Asia's economic crisis. It said sales in the region were continuing to grow along with profits in dollar terms despite severe currency depreciations in some of the countries in which it operates.

AFP, Bloomberg, Reuters

South Korean 'Shark-Watchers' Fend Off Foreign Firms

Bloomberg News

SEOUL — Pae Jin Mook has one of the hottest jobs in South Korea these days: "shark-watcher."

That is what people are calling a new breed of financial professionals emerging to help companies fend off hostile takeovers. As the country throws open its struggling economy, shark-watchers like Mr. Pae say they are in for a busy year.

"I'm so excited about my new job," said the 37-year-old Mr. Pae, who works for Daewoo Securities Co., the nation's largest brokerage. "We are bombarded with requests from both local and foreign investors these days inquiring about possible mergers and acquisitions."

The shark-watchers may get even busier after a government panel made it easier for foreigners to make hostile bids. United Technologies Corp. and other foreign companies have already started buying parts of Korean companies made cheap by a slump in stocks and the currency last year.

In Seoul, specialists in mergers and acquisitions say inquiries have risen tenfold in the past few months. Investment bankers around Asia say their business may boom as U.S. and European companies try to cash in on Asia's financial crisis by picking up companies on the cheap.

Plenty of Korean companies need foreign money as the economy heads for its slowest

year in almost two decades. A record 15,000 Korean companies cost a third of what they did a year ago. The currency, the won, lost about half its value against the dollar since then.

Already, the number of public companies in which a single foreign investor or an investment group holds more than 5 percent more than doubled to 28 from the end of last year, according to the Securities Supervisory Board. They include SK Telecom, Daewoo Corp., Hyosung T&C Co., Bulkwang Pharmaceutical Industry Co. and Hankook Tire Manufacturing Co.

"Under the current liquidity situation, Korean companies have no choice but to yield to foreign pressure," said Oh Dong Jin, an official at the Federation of Korean Industries.

KOREA: Despite New Rules, Chaebol Face Little Takeover Risk

Continued from Page 15

The chaebol have been fighting for the past couple of weeks against a proposal by some of Kim Dae Jung's advisers for what they call "Big Deal." Under Big Deal, a term routinely used in English in the mass media in the midst of news and commentaries in Korean, the chaebol would be forced to swap subsidiaries.

"Big Deal is simply the exchange of tens between chaebol," a spokesman for Kim Dae Jung's transition team said. "We think that should happen."

Under one scenario, Samsung Electronics Co., the country's biggest electronics company, would take over Hyundai Electronics Industries Co., considerably smaller and shakier financially, while Hyundai Motor Co. took over Samsung Motors, a company that many have pronounced doomed even before its new plant near Pusan begins regular production of cars March 28.

Members of the president-elect's transition team denied they would try to tell the chaebol how to conduct their business. "The government is not going to involve itself in restructuring the chaebol," said Kim Min Soo, acknowledging there had been "some confusion on this issue."

He said, "We will make overfinancing more difficult" so the chaebol cannot accumulate the huge ratios of debt to equity that ultimately left them and the South Korean banks on which they depended for loans without the funds to meet debt obligations.

By enforcing strict banking regulations, he said, the chaebol would "have no choice but to sell less necessary parts."

Mr. Morris foresaw continued battles between the chaebol and the incoming government. "There's a lot of tension between Kim Dae Jung's people and the major groups," he said.

The emergency economic committee recommended that penalties be exacted from chaebol for "excessive" borrowing and that minority shareholders be given the right to file lawsuits or study records of their companies.

Among reforms previously announced, the chaebol will be required to produce consolidated statements showing profits and losses of all the companies in their groups as of next year.

■ A Revised IMF Deal for Seoul?

South Korean state radio said Seoul and the International Monetary Fund had agreed on revised macroeconomic targets that would lower the country's projected growth rate in its gross domestic product to 1 percent from 2 percent. Reuters reported.

A Finance Ministry spokesman said he could not confirm the report, but the ministry said earlier that an announcement on the revisions would be made Friday.

EDUCATION

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THE WORLD'S DAILY NEWSPAPER

INTERMARKET FUND

SICAF
2, Boulevard Royal, Luxembourg

NOTICE

Notice is hereby given that an Extraordinary General Meeting of shareholders shall be held at 69, route d'Esch, Luxembourg on 13th February, 1998 at 10:00 a.m. for the purpose of considering the following agenda:

1. To resolve on the liquidation of the Company.
2. To appoint a liquidator.

In order to deliberate validly on the items of the agenda, at least 50% of the shares issued must be represented at the meeting, and a decision in favour of the resolutions must be approved by shareholders holding at least 2/3 of the shares represented at the meeting.

Proxy forms are available at the Fund's registered office. In order to be valid proxies duly executed by shareholders should be mailed to Banque Internationale à Luxembourg, att: Mrs. Dupont, 69, route d'Esch, L-3953 Luxembourg so as to be received the business day preceding the Meeting at 5:00 p.m. at the latest.

By order of the Board of Directors.

Win Two Airline Tickets

in the Air Canada/IHT Competition

1. How many more centimetres of foot room do you gain in Air Canada's Executive First compared to all other airlines?

- a. 2.5cm b. 12.5 cm c. 37.5cm

2. What does Air Canada offer you in Executive First?

- a. Cookies and ice-cream
b. Unlimited supply of mineral water
c. Personal phone
d. Personal video
e. Complimentary gift
f. Executive First check-in
g. Personal computer games
h. All of the above

Herald Tribune
SPORTS

THURSDAY, FEBRUARY 5, 1998

WORLD ROUNDUP



Iva Majoli hitting to Li Fang in the Toray Pan Pacific Open in Tokyo. Li Fang retired hurt.

Seeds Fall in Croatia

TEAMICS The seeds continued to fall in the Croatian Indoors tournament in Split on Wednesday. Thomas Johansson the No. 6 seed, lost to Martin Sinner, ranked 100th in the world, in the first round. Andrei Medvedev the No. 4 seed, lost, 6-3, 6-7 (2-7), 6-1, to Kenneth Carlsen, in the second round. Tim Henman, seeded No. 3, and Javier Sanchez, seeded No. 7 seed, had already lost in the first round.

Greene Breaks Record

ATHLETICS Maurice Greene broke the world indoor 60-meter record, clocking 6.39 seconds in Madrid on Tuesday. On Sunday, Greene had equaled the previous record of 6.41 seconds set by Andre Cason in 1992. (AP)

Stade Officials Hopeful

RUGBY UNION Officials at the Stade de France said the field would be ready for the Five Nations match between France and England on Saturday. The stadium, which opened last week, has no underfloor heating. The field is reportedly frozen to a depth of 10 centimeters. (AP)

Frye Stays With Boston

BASEBALL Second baseman Jeff Frye and the Boston Red Sox avoided arbitration by agreeing to a \$7 million, three-year contract. Frye, 31, hit .312 last year. (AP)

Skeleton Out of Olympic Closet

NAGANO, JAPAN — The sport of skeleton and women's bobsledding and ski jumping could be added to the Olympics for the 2002 Winter Games in Salt Lake City.

Ski jumping, bobsledding and Nordic Combined are the only sports left in the Winter Games with no women's events.

The International Olympic Committee wants more women competitors in the Summer and Winter Games. The Salt Lake City organizers said Wednesday they were willing to comply.

Salt Lake officials also said they were willing to include skeleton, a sport which involves sliding head-first down an ice track on a sled. The event would use the same course as that used for luge.

Drug Warning for Hockey Stars

Dr. Makoto Ueki, the chief drug tester at the Winter Olympics, said Wednesday he believed that some National Hockey League players at the Games could test positive for Sudafed, a commonly used, over-the-counter cold remedy. The Associated Press reported from Nagano. "It is prohibited, even for colds," he said.

SPOTS Illustrated, the American sports magazine, reported last week that 20 percent of NHL players routinely use Sudafed to increase their energy. The medication contains pseudoephedrine, which in large enough amounts acts as a stimulant. It is banned by the IOC but not by the NHL.

"I think the Sudafed issue will be a problem for this tournament," Ueki said. "This is not new. It has been banned previously."

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE		ATLANTIC DIVISION		CENTRAL DIVISION		WESTERN CONFERENCE		MOUNTAIN DIVISION	
Miami	28	17	.622	Portland	26	19	.578	9%	0
New York	25	20	.552	Atlanta	29	20	.600	10%	0
New Jersey	26	20	.556	Philadelphia	21	19	.523	22%	0
Washington	24	22	.551	Toronto	22	19	.523	22%	0
Orlando	22	25	.469	Pittsburgh	22	22	.550	10%	0
Boston	21	25	.457	Brooklyn	21	22	.488	10%	0
Philadelphia	21	25	.451	Chicago	21	22	.488	10%	0
Central	14	14	.500	Seattle	14	14	.500	10%	0
Toronto	10	34	.217	Phoenix	10	34	.217	23%	0

PACIFIC DIVISION		CENTRAL DIVISION		WESTERN CONFERENCE		MOUNTAIN DIVISION		
Seattle	19	10	.593	Portland	26	19	.578	9%
L.A. Clippers	19	10	.593	Atlanta	29	20	.600	10%
Golden State	11	37	.229	Philadelphia	21	19	.523	22%
Denver	22	27	.511	Toronto	22	19	.523	22%
Phoenix	31	14	.489	Pittsburgh	21	22	.488	10%
Seattle	10	34	.217	Brooklyn	21	22	.488	10%

So Many Injuries, So Little Time to Heal

Germany's Scarred Figure-Skating Pair Hopes for Luck in Avoiding More Accidents

By Jere Longman
New York Times Service

NAGANO, Japan — In his hometown of Chemnitz in Eastern Germany, the figure skater Ingo Steuer owns a pub with a laundry room so customers can have a beer while their clothes churn through the rinse cycle. If only he could be so creative avoiding injury.

The scars on the bodies of Steuer and his pairs partner, Mandy Woetzel, read like a zippered road map through their dangerous careers. They are the world pairs champions, but seldom have their expectations exceeded their insurance premiums.

Steuer has the knees of an American football offensive lineman, not a figure skater, having undergone surgery six times. Woetzel once caught a skate blade in the head and remained in the hospital for three months.

Steuer and Woetzel were forced to withdraw during the long program at the 1994 Winter Olympics in Lillehammer, Norway, when she tripped on a rut and fell on her chin. The cut needed stitches and Steuer had to carry her from the ice in his arms.

"Sometimes you stop on your toe pick and sometimes you stop on your chin," said Peter Krick, the executive director of the German figure-skating association.

Steuer and Woetzel recovered to win the 1997 world figure skating championship last March, and finally, with the 1998 Olympics approaching, Woetzel and Steuer seemed to be over their troubles. The world title had made them early gold-medal favorites.

But if not for bad luck, they would have no luck at all.

On Dec. 8, Steuer stood on the edge of a street in Chemnitz when a passing car whacked his right forearm with the side-view mirror. The collision broke the mirror and hyperextended his arm, tearing ligaments in his right shoulder.

Though pain began to radiate into his neck and back, and he suffered headaches, Steuer continued to skate after the accident until the discomfort became debilitating at the Champion

Series final, an Olympic preview held in Munich on Dec. 19 and 20. During the long program, Steuer felt a sharp pain that extended to his head when he caught Woetzel after a triple twist. The pair finished second to Yelena Berezhnaya and Anto Sikharulidze, but Steuer does not know how that.

"I felt a stitch in my ear and after that I couldn't remember anything," said Steuer, who left the arena on a stretcher and was taken to a hospital. He needed such a dose of painkillers that he could not perform in the exhibition the next day.

For three weeks, the pair did not skate. For another two weeks, they were limited to footwork tracings. They skipped the European championships in January and only last week began the lifts and throws that will be necessary to win a medal at the 1998 Winter Olympics.

The pairs competition begins Sunday. Under the circumstances, Woetzel and Steuer would be happy with the bronze medal.

During practice Tuesday, Steuer, 31, kept shaking his arm like a baseball pitcher who has oncocked a fastball too early in spring training. His right arm is what he uses lift Woetzel to throw her and to hold her head just above the ice on a death spiral.

"We don't think about the pain," Steuer said.

He added: "It doesn't matter. We will do what we can do. Our dream is a medal. We will skate for a medal."

Berezhnaya and Sikharulidze of Russia, the 1998 European champions, are the Olympic favorites. Artur Dmitriev of Russia won the 1992 Olympic title and the 1994 silver medal with his previous partner and will attempt to win gold again with Oksana Kazakova. The third medal appears to be up for grabs among Woetzel and Steuer, Marina Eltsova and Andrei Bushkov of Russia and the American pairs, Kyoko Ina and Jason Dungen and Jenni Meno and Todd Sand.

Steuer said that his main problem now is not pain, but stamina. "We tried the short program and the long program ar home," he said. "It was clear and slow. We have no conditioning."

This season was to serve as redemption for the 1994 Games in Lilleham-



Ingo Steuer and Mandy Woetzel of Germany keeping their spirits up during a practice skating session in Nagano, Japan, on Wednesday.

mer, when Steuer held Woetzel's arms when she did a forward spiral maneuver and she could not break her fall when she hit a pivot in the ice.

"We've had enough bad stories," Steuer said. Woetzel could only agree.

In 1989, while performing side-by-side camel spins with her former partner, Axela Rauschenbach, Woetzel caught a skate blade in her head that kept her hospitalized for three months and out of school for half a year. Doctors told her to retire, she said, but she insisted on continuing, even if she and Steuer now place extra distance between them on spins to avoid another frightening injury.

"The doctors said it was too dangerous, but I said, 'This is my life, I want it,'" said Woetzel, who is 24. Partners since 1992, Woetzel and

Steuer skate with a classical presence and employ slow music to accentuate their mature performance.

"It's not Oktoberfest," said Krick, the director of the German figure-skating association. But they are also a fiery pair whose disagreements have become verbal bonfires. "He is temperamental and she is sometimes too quick to answer," Krick said.

They will take one final shot at an Olympic medal before turning professional.

"You train for four years and you see the whole thing disintegrating because of an unfortunate illness or something," said John Nicks, who coaches Meno and Sand. "It's not like golf. If you're sick at the Masters, you'll still get the Open and the PGA. This is a one-shot deal."

Avalanche Of Cash for The Winter Olympics

The Associated Press

NAGANO, JAPAN — Many people were skeptical when Olympic leaders decided to break the traditional four-year cycle and hold Winter and Summer Games in separate years.

But the gamble has paid off, in hundreds of millions of dollars.

Olympic officials say the Nagano Games have generated record marketing revenue — three times more than at Lillehammer in 1994.

Lillehammer was the first Winter Olympics held in a different year from the Summer Olympics. The intention was to give a more distinct identity to the winter event, which had long been overshadowed by the summer spectacle.

"Lillehammer launched the new era of the Winter Games," said Dick Pound, the International Olympic Committee's chief marketing official. "Nagano results speak for themselves."

Nagano has brought in more than \$800 million in television and sponsorship revenue.

More than \$300 million has come from worldwide and national corporate sponsorships, compared to \$100 million in Lillehammer. Television rights sold for \$530 million, including a \$375 million deal with CBS, the American network.

The revenue is divided between Nagano organizers, the IOC, national Olympic committees and international sports federations.

The organizers receive about 60 percent for Nagano, that means \$307 million from television rights. In 1991, when Nagano was selected as the 1998 host city, Japanese officials estimated the figure would be only \$161 million.

The 11 worldwide corporate sponsors and 26 domestic partners have shipped in more than \$300 million — 10 times Nagano's original estimate.

Lillehammer also set a record for the number of countries receiving the Winter Olympics on television. Nagano will do even better. About 160 countries are taking the feed from Nagano, compared to 120 for Lillehammer.

In Nagano, Cross-Cultural Tensions

Misunderstandings Plague Relations Between the Organizers

Reuters

NAGANO, JAPAN — Local organizers lined up in the hotel lobby with grim faces as they prepared to take a cultural leap and give a European-style kiss good-bye to representatives from the International Olympic Committee.

"It was embarrassing to watch," said one Japanese who witnessed the scene. "The Japanese clearly did not want to kiss anyone but felt they had to."

While misunderstandings over whether to kiss, shake hands or bow can be comical, other cultural gaps could have more serious consequences for the 1998 Winter Olympics.

This may be true especially when the consensus-minded professional bureaucrats running the Olympics bump into foreign sports officials who demand instant decisions, particularly once the Games start.

There have already been problems, including a huge public fight over the men's downhill course, complaints about the size of hotel rooms, the number of Western-style toilets, the quality of food and criticisms about the methods for reaching decisions.

Makoto Kobayashi, director-general of the Nagano Organizing Committee, said cultural misunderstandings have been and will continue to be a problem.

Kobayashi said the bitter dispute over the start of the showpiece men's downhill was partly a result of those misunderstandings. "It was probably one of the elements," he said. "The Alpine ski events which take place in Europe and the way they are prepared are probably different than the way we prepare them in Japan."

The dispute was finally resolved in

December when Kobayashi and other organizing committee officials caved in to pressure from international and domestic ski bodies to raise the start of the downhill.

International Ski Federation officials maintained that the committee's argument that raising the start would place it in a national park and thereby break environmental laws was illogical because thousands of recreational skiers already use the park every weekend during the winter.

"If they tell us we have violated laws, then we will accept the decision," said Gian-Franco Kasper, the ski federation's secretary-general. "But if it is because we have blonde hair instead of black hair, then we will not accept it."

After five years of debate, a compromise was reached that put part of the course into the optional park.

International sports executives and Nagano committee officials both said they were worried about delays in settling similar standoffs during the Games.

"You have seven years to prepare

THURSDAY, FEBRUARY 5

Avalanche Of Cash for The Winter Olympics

NAGANO, Japan — May decided to break the tradition year cycle and hold Winter Games in separate years.

But the games have paid off

Olympic officials say Games have generated record revenue — three times more than Lillehammer in 1994.

Lillehammer was the first

Olympics held in a different

the Summer Olympics. This

was to give more distance

between events, which had

overwhelmed by the same

lillehammer launched the

Pound, the International Olympic Committee's chief executive,

"Nagano" results speak for

themselves.

Nagano has brought in

\$500 million in revenue and

scoring revenue.

More than \$30 million is

from world-class sponsors

and international partners

for \$50 million in corporate

and individual contributions.

The revenue comes from

Nagano's 11th IOC

spending.

The revenue comes from

